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12 June 1985

# West Europe Report



FOREIGN BROADCAST INFORMATION SERVICE

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12 June 1985

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POLITICAL

DENMARK

FOREIGN MINISTER'S U.S. TALKS UNLEASH DEFENSE POLICY DEBATE

Copenhagen INFORMATION in Danish 18 Apr 85 p 20

/Editorial by 'V.S.': "The Pleasure of Rape"/

/Text/ Talks in Washington between Uffe Ellemann-Jensen and his U.S. colleague George Shultz ushered in a new and bitter feud over Danish security policy early this week. Throughout the week, much has been said about Shultz levying the most severe criticism ever of Denmark's security policy. And Anker Jorgensen stormed that Uffe was to blame for this criticism of us.

With respect to Shultz's criticism, one might say that the chicken suddenly developed more feathers after Ellemann-Jensen met with the Danish press in Washington prior to his departure for Denmark last Saturday when he said that Shultz "did not criticize." Rather, the talks were said to be "an exchange of ideas between free democratic countries." It was also said that the United States "does not understand Denmark." The atmosphere was open, friendly and rather serious.

Had the minister of foreign affairs received history's biggest rebuke for Denmark's security policy, he certainly managed to conceal it very nicely. However, what he could not conceal was the frustration over being sent shopping with something he dislikes as much as the Danish Parliament's position on the U.S. "Star Wars" program--SDI. Of course, if the frustration becomes too much for him, he will have to resign.

On the other hand, it is mildly speaking pathetic when Anker Jorgensen says the reason the United States is cross with us is simply that Ellemann-Jensen was not able to state our position well enough. Anker Jorgensen cannot be very serious about his party's position on SDI if he feels the minister of foreign affairs ought to be able to convince Shultz the position has no merit.

It is a rather controversial matter for the Reagan administration when a NATO country decides to dissociate itself from the Columbus egg it believes has been laid. No foreign ministerial charm could explain this away if it actually means anything to the stated opponents of SDI.



Furthermore, Washington knew very well prior to the arrival of the Danish delegation that the minister of foreign affairs does not agree with the parliamentary majority on this point. When it was announced that, besides paying a visit to the World Bank, Ellemann would also have talks with Shultz, a reporter for INFORMATION at the Danish office in the U.S. Foreign Ministry was told that the two foreign ministers were to discuss a SDI resolution "that had been forced upon the Danish government." Anker will probably say that Uffe called the United States and said the government felt the resolution had been "forced upon it."

The fact is that no such phone call was necessary and, with respect to this fact, the Social Democratic Party chairman might claim it was the foreign minister's fault that the United States knew ahead of time where the shoe was pinching. However, he probably cannot take all the blame because the United States also follows our domestic debate on security policy and no one can rightfully prevent the minister of foreign affairs from expressing his opinions to the Danish public. It is different, of course, when he goes abroad. But the fact that a Danish parliamentary majority opposes his stand does not reasonably require that he not discuss his well-known personal position on the matter. It would be something entirely different if he were disloyal to the majority, Denmark's official position. If the majority feels it cannot live with any of the proposed conditions, it has the duty to remove the minister of foreign affairs.

But perhaps the opposition is not that serious about its security-policy position either? Perhaps wicked tongues are correct when they claim that the big arm waving in connection with security policy is supposed to divert attention from the fact that the opposition cannot come up with an alternative economic policy.

The Foreign Policy Committee's expected decision quietly failed to materialize as well. Many newspaper headlines assailing Ellemann-Jensen gave way to fewer and less bold headlines concerning the Foreign Policy Committee which failed to come to a decision. The meeting during which Shultz is supposed to have severely criticized our country lasted less than one hour.

Actually, Shultz could not have spent much time on the "unusually severe criticism of Denmark." It must have been done rather quickly. Indeed, it is true that the two foreign ministers were together for almost 4 hours, but only 30 minutes were spent in direct negotiations between the two. The rest of the time was devoted to a party on the training ship Denmark. During the 30 minutes, they also managed to discuss international affairs and bilateral issues, such as Danish ham exportation to the United States.



However, Ellemann-Jensen shall not be completely absolved. He does have the democratic right to his personal opinions on SDI. But the speed with which he sided with the United States is something else. We should be able to request of our foreign minister that he study a situation thoroughly before forming his own opinions. How in the world can he be positively disposed toward something the United States has not even been able to explain to us what it is? Obviously, Ellemann-Jensen is just as interested as the opposition in achieving results in Geneva. But you need not ask many questions of Americans about the SDI program before you get the dreaded feeling that Reagan's real agenda is the defense system which so far can only be characterized as an embryonic fantasy. Has arms control been removed from Reagan's agenda? This is an issue which Parliament and the Danish people must request that the foreign minister provide more answers to than just the United States' assurance that they will indeed be negotiating seriously in Geneva before he whispers to Shultz that the parliamentary majority's repudiation of SDI is foolish.

It is obvious that quite a few West European resolutions against the program cannot stop SDI research. It is already well under way at research institutions throughout the United States, and an SDI office has also been established in Washington to coordinate research efforts on the part of the navy and the army.

Because of this, however, the minister of foreign affairs should not be giving Washington the signal that what the Danish government really means is that when rape becomes a fact you should "lean back and enjoy it"—if Parliament will allow it.

8952

CSO: 5200/2614

POLITICAL

DENMARK

BRUSSELS OBSERVERS SEE COUNTRY LOSING INFLUENCE IN NATO

Copenhagen BERLINGSKE TIDENDE in Danish 14 Apr 85 p 7

[Article by Nils Eric Boesgaard]

[Text] Brussels--The allies do not want to waste time on footnote nations like Denmark and Greece that "just put a spoke in the wheels of defense cooperation."

"Denmark will not have to ask to have many more footnotes added to NATO communiques before people get tired of listening to us," Danish diplomatic sources at the NATO headquarters in Brussels told BERLINGSKE TIDENDE.

And that may be an optimistic assessment, for judging by statements from Norwegian, American and British spokesmen NATO has already lost patience with Denmark which is classified on the same level as Greece as one of the footnote nations whose views are no longer interesting because they are regarded as irrelevant, harmful and a delaying factor for defense cooperation in the broad overall context.

The question has become relevant again against the background of the Danish opposition parties' demand that Defense Minister Hans Engell reject American President Ronald Reagan's strategic defense initiative, also known as the "star wars" project.

The background seems to be the concept Social Democratic opposition defense spokesman Lasse Budtz has of the project that for the time being is solely a research program that will not result in weapons until sometime in the next decade, unless by then the two superpowers have agreed to give up the arms race.

The opposition's demand that Defense Minister Hans Engell call for one more footnote may very well be the end of Denmark's influence in NATO.

"We find our allies ignoring us time after time because they know that we are tied hand and foot by an extremist leftist-led opposition," said a Danish source at NATO headquarters. He did not hide the fact that he and his colleagues find it extremely frustrating when allies practically ignore Danish officials in connection with the preparation of NATO communiques.

## Don't Understand Us

"We don't really understand the Danes," an American spokesman told BERLINGSKE TIDENDE. "Despite the fact that Denmark is one of the richest countries in NATO Danes use every opportunity to avoid meeting their commitments to the alliance. They put a spoke in the wheels of nuclear policy and at the same time refuse to strengthen conventional defense, which is the only way to avert a nuclear war."

When asked directly about the effect of the Danish footnotes, the American diplomat said that of course they deplore the Danish attitude but they are trying to further develop NATO efforts without regard to the Danish and Greek viewpoints.

6578

CSO: 3613/149

POLITICAL

DENMARK

# LEFTIST PARTY MP WELCOMES PLO AS OFFICE OPENS IN CAPITAL

Copenhagen BERLINGSKE TIDENDE in Danish 14 May 85 p 3

[Article by Thorkild Dahl]

[Text] SF [Socialist People's Party] Folketing member Pelle Voigt bids the PLO office welcome while Flemming Kofod-Svendsen, national chairman of the Christian People's Party, calls it irresponsible as long as the PLO does not recognize Israel.

The Palestine Liberation Organization, PLO, has rented space in Denmark for an information office and will open the doors tomorrow.

Omar Kitmitto, a 40-year-old Palestinian, will manage the office. He has been in Copenhagen for the last few days setting up the office. An office staff will also be hired, BERLINGSKE TIDENDE has learned.

The PLO is opening its information office without having acquired the diplomatic status it wanted. Previous PLO efforts to establish an actual embassy or delegation have been rejected by Foreign Minister Uffe Ellemann-Jensen (Liberal) who feels that Denmark's present information channels to the PLO are quite satisfactory.

## Kofod-Svendsen Disagrees

The national chairman of the Christian People's Party, Folketing member Flemming Kofod-Svendsen, feels that only irresponsible parties can welcome an organization like the PLO in Denmark. Kofod-Svendsen pointed out that the PLO has refused to recognize Israel's existence and he doubted the PLO's peaceful intentions.

SF Folketing man Pelle Voigt has been the Danish driving force behind efforts to create a PLO information office in Denmark and Pelle Voigt has been the connecting link with PLO headquarters in Tunis.

At the beginning of this year the PLO decided to set up an information office in Denmark. The decision was made at the national council's meeting in

Amman, Jordan and Pelle Voigt pointed out that the PLO assigns extra importance to Denmark now when in addition to its customary role as mediator of Nordic and EC policy Denmark also has a seat on the UN Security Council.

#### Great Importance

The new information office in Copenhagen is also assigned great importance by the PLO because Norway has refused to allow the establishment of such an office. In rejecting the request the Norwegian government cited the danger of violence in connection with a PLO information office as a result of internal dissension in the Palestine Liberation Organization.

Since the government would not give the PLO's new information office diplomatic status, the PLO has chosen a Palestinian married to a Norwegian as head of the office, because with his Norwegian citizenship Omar Kitmitto meets the requirements for obtaining work and residence permits in Denmark.

6578

CSO: 3613/148

POLITICAL

DENMARK

# BJERREGAARD, OLSEN COMPETE TO LEAD SDP MODERNIZATION

## Defense, Economy Stands Differ

Copenhagen INFORMATION in Danish 27-28 Apr 85 p 6

[Article by Stig Albinus and Erik Meier Carlsen: "Two Conflicting Strategies in Social Democratic Party"]

[Text] While the "accountants" and LO [Danish Federation of Trade Unions] allies are fumbling with the SDP plan and the S-SF [Social Democratic-Socialist People's Party] debate, a new alliance would rather gather its forces to modernize the party and knock SF out of the running with a new profile based on Ritt Bjerregaard's and Erling Olsen's model.

The LO executive committee was united and party representatives had the unpleasant experience of taking the heat at the meeting of the LO coordinating committee last Wednesday.

"It is complete nonsense and the worst possible time to have this discussion," the LO chairman said.

Mogens Lykketoft, whose initiative for the debate on the chances of cooperation between S and SF was planned and far from spontaneous, was furious.

With the LO criticism he now faces an unholy alliance of the union movement and an opposition in the Folketing group whose long-range perspective for rejecting the S-SF debate is almost directly opposed to LO's interests.

### Clear Decision

He had acted in concert with Svend Auken and--he thought--in accordance with a clear decision by the regular party leadership.

But whether Anker Jorgensen had forgotten the agreement or was simply opposed to it, his first reaction to Lykketoft's statements on the radio news about the conditions for a future government coalition was suspiciously close to a flat rejection. The fact that Jorgensen then contradicted himself in a



cooperation invitation to SF in AKTUELT, following a group meeting that also deplored the timing of the discussion but made a note of it, might have made some sense--until the LO chairman felt compelled to come out in AKTUELT after the coordinating committee's meeting with a front-page demand: "Stop the debate on S and SF."

#### Enemy Camp

Regardless of what people in the party think about the actual chances of a new labor majority, few can deny that the party made a mess of a long-prepared attempt to "push the war into the enemy camp" with an open statement on the party's willingness to include SF in a government.

Leading Social Democrats had prepared for such a step before the beginning of the year. But no date had been set for the move.

Even those in the Folketing group who find the debate extremely unfortunate at this time support the basic premise that the Social Democrats must clearly express their willingness to make use of an S-SF majority if one occurs and to offer SF a chance to participate in a government.

But Lykketoft's and Auken's critics say it was crazy to make this move in connection with the contract intervention as was the case with Auken's SDP plan and Lykketoft's radio remarks. They feel that efforts to force SF to be more realistic or "reveal" its economic irresponsibility are not very productive.

Several people view Lykketoft's eagerness to get the debate going in relation to his restricted position as chief negotiator for the Tax Ministry. A tax agreement with the government would inevitably be sharply criticized by SF, which is why Lykketoft was so anxious to force an indication of SF's economic irresponsibility to weaken in advance any SF criticism of the tax reform Lykketoft is more eager to implement than are many of his party colleagues. Now the move came in a poorly prepared form and at the wrong time, demonstrating the internal conflict and uncertainty that drowned out protests against government intervention for a while.

On top of the bungled action on the "alternative intervention," Auken's proposed motion for a Folketing resolution which the Folketing group stopped at the last minute was almost too much.

And for strong people in the party leadership this is an illustration of the fact that even if Svend Auken, with no opposition, is elected party vice chairman at today's executive committee meeting, neither he nor Mogens Lykketoft has laid out a promising line for the party with regard to the contract situation.

They are too short-sighted and traditional in their thinking, the critics say. "There is no reason to be so concerned about the best way to win the last election," one of them said.

## Boring and Old-Fashioned

The attempt to hold a broad detailed debate now on the economic policy a labor majority would pursue will only confirm an image of a boring and old-fashioned party that in accountant fashion and without much conviction is always discussing the national economy in the terminology of political scientists. If SF's steady inroads on Social Democratic voters are to be halted and if the big labor party is to have any future at all, it must accept the fact that there will be a few more election periods in the future. And then the economic problems may well and in fact quite probably will be quite different than those Lykketoft and Auken want SF to provide solutions for today.

In that case the "alternative intervention" plan Auken was so concerned with would be quite meaningless and the attempt to push the labor majority discussion "into the enemy camp" would be quite unproductive.

The critics made a strong showing in the group when it said no to the idea of forcing a decision on Auken's SDP plan. The plan itself was a weak compromise between Lykketoft's strict "economic realism," which Auken is leaning on after having acquired a reputation for the exact opposite, and the extremely costly LO demands.

The compromise consisted of the plan's "currency safeguard," which Auken and Lykketoft forced the LO economists to accept at the last minute. Government economists later estimated that the overall plan would lead to a fiscal policy restriction of 22 billion kroner, a decline in disposable real income of 2.5 and 1.5 percent respectively in the 2 contract years and a rise in unemployment to 300,000 in 1989 if the government's balance of payments goal is to be met.

The Folketing group was quite negative toward a proposed decision unless it was in connection with approval of the conciliation officer's outline--in order to indicate respect for the ground rules of labor laws, in contrast to the government.

The group just did not feel convinced that in the current situation LO's support could be obtained for a socialist intervention that would be sufficiently realistic.

Critics in the Folketing group feel there is a risk that leading party people are too traditional in their thinking and that they are still very concerned with ideas that spring from a close contact with the labor movement and with skills that were acquired through many years as administrators of an earlier society.

## Sweden's Example

While Lykketoft and Auken are most concerned with the experiences from Mitterand's problems in France, where a socialist majority had serious

economic problems with a policy that was too expansive, their critics are at least equally concerned with developments in Sweden, where the Social Democrats are facing an election defeat in the fall even though the party has had a reasonable amount of success with its economic policy.

It is not enough to have a grasp on the national budget, the party must also resemble a modern alternative to neoconservatism and neoliberalism.

Bjerregaard and Olsen

Two of those who actively advocate that the party concentrate on its own internal renewal and that it give clearer and less contradictory signals in its outside activity are Ritt Bjerregaard and Erling Olsen.

Bjerregaard has called for a clear delineation in the area of security policy and a renewal of the party profile, moving it away from the old men and custodians and the rigid association with the labor movement. She has openly criticized their conservative and not very productive attitude toward industrial support for an aging industry that is unable to compete.

Behind her ideas lies an obvious concern with changes in production conditions, the change from an industrial to a service- or information-oriented society in which the typical workers no longer stand in long rows at their machines but have much more individualized tasks in a flexible computer technology. Modern workers will be inclined to oppose the hierarchy and will have a hard time keeping in step.

Aside from security policy, Olsen agrees with Ritt to a large extent. He too thinks there is a need for a clear showdown with the stamp of bureaucracy and the labor bosses. He has talked publicly about how the class struggle on behalf of the masses has been replaced by a modern Godless Christianity that must show a humane and sympathetic countenance that is quite different from the common struggle of the past.

#### Decentralized Economic Democracy

He and Ritt also agree that perhaps the most important issue for the party in the near future is a concrete proposal for an entirely new, decentralized form of distributing surpluses and providing worker participation, a form that can replace the old centralized and hierarchical models.

Olsen and Ritt also agreed when in a sharp clash with the party's "custodians" they refused to vote for the nonsocialist government's 1983 budget.

Auken and Lykketoft followed them reluctantly, Svend Jakobsen was opposed and Heinesen was in a rage in New York.

At that time Olsen had a complicated two-election strategy while Ritt felt that regardless of all parliamentary traditions it was too ambiguous a signal to give the public to help a nonsocialist government with which they

were at odds on other matters and which would not negotiate to pass a budget that otherwise could not muster majority support.

For the same reason Ritt Bjerregaard is among a growing number of Social Democrats who are very skeptical about ever reaching a tax agreement with the government at a time when considerable public wrath has been mobilized around the government's intervention and the job offer compromise.

With clear political signals and a new modern profile the party could acquire some of the characteristics that make SF attractive today, especially to younger voters. This is more important than preparing a co-operation that will probably never be implemented.

#### Labor Majority Unlikely

The labor majorities indicated by opinion analysts have all been based on VS [Left-Socialist Party] votes and if that is the case the Social Democrats feel that cooperation would be completely unworkable.

If there is a majority due to a clear SF gain, it might also be very risky for a weakened SDP to form a government. A stronger SF that has given expensive promises to many voter groups could be a dead weight in Folketing--in the same way as the Progressive Party which blocked a nonsocialist government for many years.

#### Unsuccessful Strategem

The Social Democratic tactic of "pushing the war into the enemy camp" by offering SF government cooperation does not seem to have been an effective strategem.

It is quite obvious that SF, especially its chairman, Gert Petersen, has enjoyed going into a public clinch with Social Democratic leaders over the political prospect of a labor majority as an alternative to Schluter.

In the past one could detect a fear among many SF members of coming once more into a labor majority situation in which the Social Democrats simply used the majority to reduce SF, as Haekkerup did. That fear is now gone, according to leading SF people. Now SF will readily agree to a labor majority--and even to government cooperation.

It is obvious that SF has trouble meeting Mogens Lykketoft's demand that SF approach the economic realities to the extent that the party would actually take over the main elements of the Social Democrats' economic policy.

But in recent years SF has gone through what people in the party refer to as "a considerable political maturation process," so that many SF members today have a far more pragmatic attitude toward defense, EC and economic policy than was the case in the 1960's.



"Today one can hear SF people express views that are much like those of Sigurd Omann. That would have caused a lot of trouble in the past. It no longer does so," said a member of the SF leadership.

The so-called '79 syndrome, when a majority of the SF executive committee threw out an overall solution with a mandatory division of profits and then cooperated with the Social Democrats in the spring of 1982 on the March package, has made a strong contribution to the political maturation process in SF.

There are more detailed discussions in the party today on a coherent economic policy than has been the case for several years. The party now acknowledges the economic balance problems with the big deficits in the national budget and the foreign balance of payments. Officially SF has also given up trying to finance big expensive items in the budget by abolishing the military and canceling Denmark's membership in EC. It has now been openly admitted that one cannot balance a total budget by making suggestions that are opposed by a massive Folketing majority.

At the same time the "union people" in SF and the "feminists" no longer act as solid opposition groups and stumbling blocks to serious discussions on an economic policy that is full of compromises. The women's groups have fallen apart as a unified tendency as the women's movement has broken up and the union people have not won a contested vote in SF since 1980.

#### Dangerous Expectations

The SF leadership and the present Folketing group are unlikely to present insurmountable problems to a demanding government cooperation with the Social Democrats in which it is inevitable that unpopular measures will be put on the agenda.

The big problem is more likely to be the optimism and expectations surrounding a labor majority that SF has helped to create among the people.

"Our policy is a little on the overgenerous side at the moment," said a prominent SF member.

"There is not a group in society that we do not want to do something for. People will expect big improvements when we come to power. There are quite a few members of the Folketing group who have made commitments in connection with various cuts. For instance we have gone around saying that all the teachers' colleges can be kept going in spite of the declining birth rate. It will be hard to live up to promises like that when we must also solve the economic balance problems. I am afraid that if we get a labor majority all kinds of groups will be standing outside Christiansborg and demanding that we keep our promises."

## Private Consumption

Several SF people emphasize that SF must clearly and unmistakably say that overall private consumption must not increase and that only those with the lowest wages and the unemployed can have real wage increases under a labor majority. But the same members admit that the party has not discussed how SF can enter into reallocations and savings cuts in the public sector as part of a necessary overall economic policy.

At the same time several prominent members think it is necessary to get rid of traditional Marxist slogans, such as nationalizing banks and insurance companies, since there is no obvious strategic offensive involved in an automatic expansion of the state sector.

## Skepticism

In spite of the clear political fluidity in the SF views of the Social Democrats the latest public debate on S-SF cooperation has reinforced the belief of some SF people that the only reason the Social Democrats want to include SF is to gain a tactical advantage.

The SF national congress in Alborg in May can therefore be expected to define the conditions for a regular cooperation with the Social Democrats.

The congress will openly accept the idea of a government coalition with the Social Democrats, but at the same time it will establish some conditions.

In the first place the congress is expected to make it clear that there can be no firm cooperation unless both sides make concessions. In other words there will not be any cooperation if the Social Democrats insist that SF people just "add their votes" in support of SDP policy.

In the second place the congress will once more strongly urge the SDP leadership to hold an organized discussion with SF concerning the problems in a labor majority.

Finally the congress is expected to confirm the entire crisis policy SF worked out earlier, which involves a coordinated price and wage policy (SF's name for an income policy) and an economic policy that pays due attention to the serious balance problems in Denmark. At the same time the congress will make it clear that SF is open to discussions with the Social Democrats with regard to this program.

Until the conflicting lines in Social Democratic strategy on competition with SF have had more internal clarification SF people don't really have to do much more than that to gain continued support in the opinion analyses.



## Svend Auken Current Power

Copenhagen BERLINGSKE TIDENDE in Danish 29 Apr 85 p 8

[Editorial: "Formal and Real"]

[Text] Saturday's meeting of the SDP executive committee created formal clarity in two respects. In the first place the composition of the regular party leadership is now clear. In the second place the executive committee confirmed that the Social Democrats will definitely investigate the possibility of a government cooperation with SF if a future Folketing election results in a socialist majority.

Svend Auken has been placed in the chair that has long been his in reality. He is Knud Heinesen's successor and he will be able to speak with great weight in the daily leadership of the party because he is both political spokesman and second in command of the party apparatus. He is placed in such a way that he can handle both organizational and political matters.

In the long run this could prove to be an advantage for the party. It has often been a Social Democratic problem that the regular party leadership has pursued a wavering course characterized by uncertainty and impulsive acts. Anker Jorgensen has never been and will never be the central leader who gathers the threads in his own hands and issues clear guidelines for political actions. There is too much of the agitator in him and he prefers open meetings to the more difficult work in internal party organs.

Svend Auken started off his new job by issuing a press release that criticizes the prime minister for "averting attention from the multitude of problems and self-created misfortunes" in order to concentrate on "the potential problems of a possible future government coalition." But it displays a deficient sense of the main lines of the political game if this release reflects Svend Auken's political opinion. Svend Auken was one of the many people who clumsily and unconvincingly focused attention on a cooperation between the Social Democrats and SF. He may now regret that he contributed to this for the matter has become so interesting that it will not die down before the next Folketing election is over and that will probably mean more than 2 years from now. He himself helped create the situation that in the coming long period the Social Democrats will at best be forced to behave neutrally, while at worst they will have to adopt an exaggeratedly positive attitude toward SF. He has had not only formal but also quite real influence on the course that has now been set.

SF will not voluntarily change from its freewheeling ride to a hard push on the pedals. Why should it? It is too easy to profit from the pressure the Social Democrats have been so unfortunate as to impose upon themselves. The benefits will be especially apparent when the election campaign begins. The Social Democrats will not be able to leave it at formal statements about willingness to cooperate at that time. The exposed card will have to be played--not by SF but by the Social Democrats. Svend Auken will have to bear much of the responsibility then. And it will not be formal but quite real.

POLITICAL

DENMARK

POLL EXAMINES VOTER PERCEPTION OF SCHLUTER CABINET MEMBERS

Copenhagen BERLINGSKE TIDENDE in Danish 7 May 85 p 2

[Article by Asger Schultz of the Gallup Institute: "Government's Strong Man is a Woman"]

[Text] Britta Schall Holberg has the ability to be firm, in the opinion of the voters.

The Gallup Institute asked voters to evaluate the members of the government with reference to some general qualities such as political integrity and credibility, strength, moral attitude and intelligence. A representative selection of voters, a group of around 1000 people, was first asked to name as many of the members of the government as they could think of and then answered the following four questions:

"It is often said that politicians are not honest in the sense that one cannot always trust what they say. Which of the ministers in the nonsocialist government do you feel is the most honest, in other words the one whose word you feel can be trusted?

"People also say that a minister is strong, meaning that he or she has the ability to stand firm even in difficult situations. Which of the ministers in the nonsocialist government do you feel is strongest in this sense, which does not necessarily mean having the most influence but being able to stand firm?

"People also talk about politicians' moral attitude, meaning that they do not compromise their principles just because this is convenient in a given situation. Which minister in the nonsocialist government do you feel has the most moral attitude?

"Not all politicians are equally intelligent. Which minister in the nonsocialist government do you consider the most intelligent?"

The answers to these questions appear in the table below. Only answers from respondents who identified the minister in question are included. The recognition percentage is shown in the first column on the left-hand side.

<u>Named</u> <u>by</u>	<u>Cabinet Minister</u>	<u>Honest</u>	<u>Strong</u>	<u>Moral</u>	<u>Intelligent</u>
97%	Poul Schluter	23%	21%	14%	22%
72	Uffe Ellemann-Jensen	8	17	7	20
30	Palle Simonsen	8	7	4	5
23	Erik Ninn-Hansen	7	4	6	4
23	Anders Andersen	11	13	5	4
22	Niels Anker Kofoed	3	1	1	-
7	Knud Enggaard	1	1	2	2
16	Ib Stetter	4	1	-	1
33	Christian Christensen	8	4	10	2
34	Bertel Haarder	8	9	6	5
31	Arne Melchior	3	2	9	1
10	Henning Grove	-	2	-	-
8	Niels Bollmann	2	1	-	1
43	Grethe Fenger Moller	2	5	1	0
53	Mimi Stilling Jacobsen	9	3	5	3
29	Elsebeth Kock-Petersen	2	2	1	1
63	Britta Schall Holberg	5	31	10	3
24	Isi Foighel	2	1	1	11
9	Tom Hoyem	1	1	-	-
13	Hans Engel	1	0	-	1
20	Mette Madsen	13	1	4	3
2	Don't know	54	38	58	51

First of all we see that the prime minister is known by virtually all voters and voters are able on the average to name about a third (6.62) of the 21 members of the cabinet.

The most well-known cabinet ministers in addition to the prime minister are Uffe Ellemann-Jensen, Britta Schall Holberg and Mimi Stilling Jacobsen, in that order. The next thing we notice is the familiar phenomenon that it is a single person, the prime minister, who is overwhelmingly responsible for the government's image. With a single exception the prime minister gets the highest score because he is the one who is best known.

As mentioned earlier the questions concerned only very general characteristics because it was known from other surveys that voters have a very vague idea of the political reality, which is also indicated by the high percentage of "don't know" responses. Bearing this reservation in mind we see that Prime Minister Schluter stands as the exponent of political honesty and credibility, as the wise leader of the four-party government. But when it comes to wisdom, Uffe Ellemann-Jensen runs a close second.

But there is one notable exception. When it comes to being "strong," to "standing firm," Liberal Internal Affairs Minister Britta Schall Holberg is unquestionably unsurpassed. No less than a third (31 percent) of the voters who know Britta Schall Holberg--and two-thirds (63 percent) of them do--regard her as the cabinet minister with the most pronounced ability to

"stand firm." "Only" a fifth (21 percent) of the voters named the head of the government, while 17 and 13 percent respectively named Uffe Ellemann-Jensen and Anders Andersen.

Among the most well-known cabinet members the prime minister distinguished himself most for intelligence and strength, Mimi Stilling Jacobsen was best known for political honesty and Christian Christensen and Arne Melchior were best known for a good political moral attitude.

Some ministers of whom voters are only vaguely aware in most respects stood out in a single category. Thus a relatively pronounced characteristic of Tax Minister Isi Foighel is his intelligence while Church Affairs Minister Mette Madsen is especially esteemed for political integrity.

Beyond that the survey is self-explanatory, but it should be stressed that it was not intended as an evaluation of the intelligence, honesty, etc. of individual ministers. The purpose of the survey is simply to try to show how the voters see them to the limited extent that they "see" them at all.

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POLITICAL

DENMARK

## THREAT TO END COALITION SUPPORT AT CHRISTIAN PARTY CONGRESS

### Bjerregaard Attacks Social Legislation

Copenhagen BERLINGSKE TIDENDE in Danish 4 May 85 p 1

[Article by Helle Ravn Larsen: "Arne Bjerregaard: Schluter Can Not Count On My Support"]

[Text] It was like a bolt out of the blue yesterday at the Christian People's Party's national congress in Kolding when Arne Bjerregaard (Christian People's Party) stated that the government can no longer automatically count on his support--not even if this meant that the government would fail.

"I cannot concern myself with whether the government will go. I fully intend to follow the policy and the basic line of the Christian People's Party, and there is a growing distance between the policy the government is pursuing and the objectives of the Christian People's Party. I am deeply distressed," Arne Bjerregaard said.

He emphasized that this was not an easy decision, but he could not keep on selling his credibility. A limit had to be drawn somewhere.

"I have always been a supporter of compromises, but one's conscience sets a limit. The Christian People's Party wants to be the governments' social guarantor and help families with children and low-income families in particular; instead we have lowered the child and the milk allowances, halted adjustments in the rates for the subsistence allowance and squeezed people with assistance monies, and the tax reform just does not safeguard families with children enough," said Arne Bjerregaard, who no longer wants to help attract people to the party under a false pretense.

### Minister Discounts Action

Copenhagen BERLINGSKE TIDENDE in Danish 4 May 85 p 5

[Article: "Christian Christensen: No Exclusion"]

[Text] As a result of Arne Bjerregaard's decision not to support the government's policy automatically any longer, Environment Minister Christian Christensen has said that he will not be a party to excluding Arne Bjerregaard from the group.



"Arne Bjerregaard has always followed his own convictions and gone his own way. The work of the government shows that what Arne Bjerregaard is saying now is completely wrong. The problem is first and foremost Arne Bjerregaard's, not the Christian People's Party's," Christian Christensen said.

Arne Bjerregaard has no plans to register with another party or to resign from the Christian People's Party.

He has been with the party since its founding in 1970 and was first elected to Parliament in 1973. "You must not be so wedded to parliamentary work that you stay there for anything in the world. I can risk being expelled, but this is the way life is," he said.

#### Coalition Could Still Survive

Copenhagen BERLINGSKE TIDENDE in Danish 4 May 85 p 5

[Article by Svend Bie: "Schluter Still Has Majority With Radicals"]

[Text] Arne Bjerregaard's decision to resign from cooperative work in the government has brought the Four-leaf Clover government down to 78 votes. And this is just enough to ensure a majority together with the 10 votes of the Radical Liberal Party.

But the strength of the government has not become less than it was after the January 1984 election. In the fall John Arentoft switched from the Progressive Party to the Conservative People's Party. That gain is now wiped out. When the government was formed in September 1982 it was dependent on support from both the Progressive Party and the Radical Liberal Party.

After the January 1984 election the government was able to manage with support from the radicals only.

Most regrettable

"This is most regrettable. Just when the parties in the government need to stand together, it is not particularly nice for a member of Parliament to decide he will not go along," Erhard Jacobsen (Center Democrat), the architect of the Four-leaf Clover government, told BERLINGSKE TIDENDE.

"On several occasions Bjerregaard has had points of view different from those of the group, so it is nothing new for him to go his own way. But all the same, it would have been better to have one more rather than one less," Erhard Jacobsen said.

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POLITICAL

DENMARK

# MANEUVERING FOR FALL MUNICIPAL ELECTIONS BEGINS

Copenhagen BERLINGSKE TIDENDE in Danish 14 Apr 85 p 12

[Article by Bitten Friis]

[Text] The Conservatives have announced how many mayoral positions they want to win. Today half the mayors in the country are Liberals. But that does not mean that most people are ruled by that party. The Social Democrats have that honor.

The front lines of the fall municipal elections are now being drawn up. The Conservatives have announced their goal: 30 new mayoral positions. In the 1981 municipal elections the Conservatives won 25 mayoral positions, the Liberals won 136, the Social Democrats 75, the Radical Liberals 4 and "others," i.e. local people, 35.

However holding many mayoral positions is not the same thing as ruling over a lot of people. Of course a mayor has a lot of local influence. But even though the top position is held by the Liberal Party in half the country's municipal districts--there are a total of 275 in Denmark--this does not mean that the Liberals rule over the most people.

That honor is held by the Social Democrats. With its 75 mayors the party rules over 2,757,586 people. On the average 36,768 citizens are ruled by each Social Democratic mayor.

The 136 Liberal mayors rule over only 1,477,226 people. On the average a Liberal mayor has 10,862 people under him.

Next in line when it comes to the number of mayors are local independents, 35 of them. They rule over a total of 276,759 people, over half as many as the Conservatives, who won 25 mayoral posts in the 1981 municipal elections and rule over 553,467 people. On the average 22,139 people are ruled by each Conservative mayor and 7,907 are ruled by each local independent mayor. The four Radical Liberal mayors rule over a total of 53,987 people, an average of 13,497 people for each Radical Liberal mayor.

The difference between the Social Democrats and the Liberals is that the Social Democrats have a few mayoral posts in big districts while the Liberals

have many mayoral posts in small districts. In Copenhagen alone Social Democrat Egon Weidekamp rules over almost half a million people. Aalborg, Aarhus, Randers, Esbjerg and Odense also weigh heavily in the Social Democratic balance. It takes a lot of small Liberal municipalities to offset these cities. More than the 136 the Liberals control.

Conservative municipalities are both big and small. Frederiksberg and Gentofte with 88,000 and 67,000 inhabitants respectively. But here too there are mayors who rule over only 4-5000 people, for example in Højreby and Marstal.

Hirtshals is the biggest locally-run town with a little under 15,000 inhabitants. Knud Storup, who ran on a citizens' ticket is in charge there. In Laeso senior teacher Erik Malmrose rules over 2,680 people. He was also elected on an independent ticket. The four Radical Liberal mayors are found in Holbaek, Svinnige, Trundholm and Fjends.

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POLITICAL

DENMARK

# STAND TOWARD STRIKE MAKING ANDERSEN FAVORED AS NEXT CP HEAD

Copenhagen INFORMATION in Danish 18 Apr 85 p 4

[Interview with Danish CP Central Committee member Jan Andersen by Jens Holme; date and place not given]

[Text] Jan Andersen, union foreman and prominent member of the Danish CP, has been seen by the public as drawing a line in the recent protest actions against Folketing's intervention in the contract talks. Here he talks about the future struggle which will not end until the government has resigned, the demands on a new labor majority and the possibility of changing conditions in the labor movement.

Every conflict has its hero and its villain. Who the villain is in the context of the contract intervention has been literally demonstrated by hundreds of thousands of workers demanding Schluter's resignation.

It is harder to pick out the hero. LO [Danish Federation of Trade Unions] chairman Knud Christensen hardly increased his popularity by going into self-appointed exile on the vacation island of Malta while many of his members risked their own vacation money in order to express their anger.

Instead the role of media figure in connection with the protest actions was played by Jan Andersen, foreman of Local 13 of the Copenhagen Metalworkers Union and a member of the Central Committee of the Danish Communist Party.

Jan Andersen is spokesman for the Shop Stewards' Groups, which up to a month ago were regarded as one more hopeless attempt on the part of the Danish CP to regain strength and influence in the union movement.

But with the conflict around Easter and as a result of a lack of initiative on the part of the LO leadership, the Shop Stewards' Groups and thus the Danish CP wing in the union movement took on new life.

## No General Staff

However Jan Andersen denied categorially that the Shop Stewards' Groups served as a communist cover organization and that the strikes and protest actions were run from Danish CP headquarters on Dronningens Tvaergade in Copenhagen.

[Andersen] It is very naive to think anyone can control the kind of manifestation we have seen in recent weeks. Work stopped as a result of individual decisions at various job sites. We did not go around and encourage people to stop work.

[Question] But in connection with the conflict there were some actions, such as the blockade of Christiansborg, that must have required some kind of planning.

[Answer] Yes, we know that at some point representatives of a number of job sites put their heads together to plan some actions. But nothing was forced on anyone from the top.

[Question] In other words, you deny that some kind of general staff in charge of the situation was set up somewhere?

[Answer] Yes, unconditionally.

[Question] The strike actions seem to be ebbing out now. How will the struggle continue in the future?

[Answer] On Tuesday representatives of the local shop stewards held a meeting in Odense. There it was decided to make Tuesday, 29 April, a nationwide day of actions against the Labor Court and the following day there will be a big meeting of shop stewards in Copenhagen to decide what to do after that.

[Question] You have stressed on several previous occasions that the actions should continue until the government collapses. Does this mean that constant work stoppages will not be used to accomplish this?

[Answer] I would have nothing against it, but there are economic limitations. There is great determination to fight but people cannot afford to go unpaid. That is why it is important to fight for the demand that the unions open up their strike funds.

[Question] But are you capable of exerting any influence on the LO apparatus?

[Answer] Yes, although LO is reluctant to admit it. I am sure that recent events will set a strong mark on the development of the union movement.

The SiD [Semiskilled Workers' Union] appropriation of 180 million kroner for union and political activities against the government is something we view as proof that it is possible to make a comeback.

#### Labor Court

We also regard LO's decision that the work stoppages in the wake of the government's intervention should be treated individually by the Labor Court instead of in a single overall decision as a concession.

[Question] But aren't you satisfied?

[Answer] No, in our opinion LO should make a total break with the Labor Court. If LO and FTF [Joint Council of Civil Servants' and Salaried Employees' Organizations] withdrew their judges and refused to recognize the union legislation system the government's compulsory laws would quickly collapse.

[Question] In response to this a number of union foremen say that by doing this the union movement would lose its influence and that cases involving breaches of the no-strike agreement would be tried as compensation cases in the civil courts.

[Answer] We are not too worried about that. The important thing is what the union movement will put up with. At some point the employers would have to decide between constant unrest and stable conditions on the job sites and I think they will choose the latter.

LO looks at things from a static point of view and fails to understand that a new situation has arisen in the union movement during the last 3 weeks. They think it is all right to go to Malta and sit down there and talk to people.

[Question] But will it be possible in the long run to maintain the fighting spirit and use it to force changes in the LO leadership's attitude toward union policy?

[Answer] Yes, I definitely think so. But this is not something for which we have any yardstick. There are lots of cases in the history of the union movement that show that it is in periods like this one that important changes occur.

#### Labor Majority

[Question] What will happen after Schluter has been removed?

[Answer] Indicating the alternatives is an important part of our activities. As you know a debate is going on in the press just now between the Social Democrats and SF [Socialist People's Party]. The workers must become



involved in this debate. We have no use for a new labor majority run from the top that will quickly fall apart. The workers must make some demands that can form the basis for a future labor majority.

[Question] Do you think it is realistic to think the Social Democrats will move as far to the left as you would like?

[Answer] Many Social Democratic voters have made their mark on the anti-government strikes. If these people now go back to their party and make the demands they demonstrated for around Easter I think it will have an effect on the Social Democratic Party.

Within the last 2 years we have seen evidence that the SDP really can change. Take the peace issue. An important change in the SDP position has taken place here. This is because peace activities have grown in scope and strength and many rank-and-file Social Democrats have taken part in them. Social Democratic leaders have simply been unable to ignore this.

[Question] But if a government has to meet the demands made during the big demonstrations at Christianborg Slotsplads for such things as a 35-hour week and substantial increases in minimum wages would it put the nation in a totally unforeseeable economic situation?

[Answer] Things are usually mixed up into a big hodgepodge in order to confuse people as much as possible. It is worth pointing out that there is a difference between national finance and business finances. In my view it would not present a problem for industry to meet the 35-hour demand.

But of course there would be some problems with regard to the national budget. However this raises a number of other questions. How long will we go on accepting interest capital and thus the enormous profits of banks and insurance companies? The state pays 60 billion kroner a year in interest on state bonds. When they can steal our cost-of-living increases why can't they also eliminate these interest payments?

[Question] But is the background for meeting your demands a total social upheaval? A revolution?

[Answer] I would not call it that. It is more like a leap forward in developments and such a leap is needed. If the Social Democrats don't dare make that leap the party will simply administer the spending cuts as Anker [Jorgensen] did before he handed the reins over to Schluter. We do not want a repetition of that period. If the Social Democrats will not take the lead in working for a new policy it will be hard to get anyone to believe that getting rid of Schluter will do any good.

#### Violation of Constitution

[Question] The late Viggo Horup coined the phrase: "nobody above and nobody alongside Folketing." Isn't it somewhat undemocratic to try to force a government to resign by resorting to strikes?

[Answer] Yes, possibly if we were in a society where democracy was being born as it was in Horup's day. Or if everyone in the democracy obeyed the rules. But in the present situation we have a Folketing majority that is violating the constitution and therefore all means must be used to combat its decisions.

As you know the contracts lapsed when the major conflict broke out on 25 March but the government and the Radical Liberals intervened and imposed new contracts through legislation. This means that we will have state-imposed contracts for the next 2 years in Denmark. And precisely because the contracts have been imposed and were not agreed to voluntarily, the Labor Court has become a summary court. And summary courts are prohibited under the constitution.

[Question] Political interventions in the contract renewal process have occurred more than once in the past. Is the present intervention much different from the one made by the Social Democrats and the Radical Liberals in 1979?

[Answer] Yes because the entire LO and DA [Danish Federation of Employers] sector was freed from the contracts this time. In the past it was a question of one side rejecting a mediation proposal from the arbitration official or intervention occurred before an announced conflict had begun.

But don't misunderstand me, I do not feel intervention is ever right. I am simply pointing out that the legal starting point is different this time.

Benefits for Party

[Question] You have been identified with the conflict to a great extent. What does that mean for you?

[Answer] An awful lot of work.

[Question] But at least a lot of interest has been created in you personally.

[Answer] Yes I have received a flood of threatening letters and anonymous phone calls.

[Question] But what do you say to the rumors that you will be the Danish CP's next chairman?

[Answer] That this is something the reporters have come up with to annoy the Danish CP. But seriously, these are the kind of loose rumors that are so often circulated.

[Question] But good fortune has a ripple effect. Will it benefit your party that you are the spokesman for the shop stewards?

[Answer] Yes, I think so. In the Danish CP we have never concealed the fact that we want a more active union movement. Our strategy in the efforts to change society is based on making the organized forces in the labor movement understand their strength. When we have succeeded in doing this and people see that it produces results some of them may also decide to join the Danish CP and naturally I think that is a good idea.

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POLITICAL

FINLAND

## STALINISTS' SINISALO PROTESTS EXCLUSION FROM DEFENSE PANEL

### 'Entire CP Frozen Out'

Helsinki HUFVUDSTADSBLADET in Swedish 15 Apr 85 p 5

[Text] The Communist minority's figurehead, Taisto Sinisalo, is accusing the government of trying to exclude "the entire Communist Party" as well as a considerable number of other forces pursuing an active peace policy from the announced Planning Commission on Defense Matters.

According to Sinisalo, the discrimination is due to serious differences of opinion over whether Finland should continue to follow the Paasikivi-Kekkonen line.

In speeches in Uusikaupunki and Loimaa, Sinisalo said he was skeptical of the government's plans to set up a planning commission on defense matters.

Sinisalo claimed that through its proposal to appoint a planning commission to plan new weapon procurement, the government was trying to avoid a discussion in keeping with our national security interests. The commission also reflects an exaggerated emphasis on military activity at the expense of an active peace policy.

Sinisalo also wondered whether we in Finland are reviving attitudes of the past that branded a considerable portion of the population as unfit to participate in the planning and management of foreign policy matters.

### Less Dynamic Panel Role

Helsinki HUFVUDSTADSBLADET in Swedish 26 Apr 85 p 2

[Editorial by Jan-Magnus Jansson: "Reduced Importance"]

[Text] In the end, the government decided in favor of a parliamentary defense commission with reduced powers. Attempts to appoint a new parliamentary defense committee failed owing to a lack of political agreement. Jan-Magnus Jansson comments.

A week ago, the government finally settled the long drawn-out question of whether the third parliamentary defense committee should have a successor or not. As expected, the result was a compromise. It appointed a body which leaves the way open for forces in Parliament to influence defense planning within the government, but one with more limited powers and a weaker role than the parliamentary defense committees.

It became clear at a relatively early stage that the broadly based defense committees with their extensive mandates on security policy matters were not likely to continue. The reasons were many.

A rather formal reason was that unlike its predecessor, the third parliamentary defense committee, which submitted its report in 1981, did not recommend that a new committee be automatically appointed for the next 5-year period (the current detailed recommendation concerning development of the defense forces covers the period through 1986). Its reason was that in accordance with its instructions, it had also worked up a long-range plan covering the period through the mid-1990's. It is conceivable that that long-range plan will continue to form the basis of more detailed proposals that can be worked up without major drama by the Ministry of Defense and General Headquarters.

The third defense committee felt that a new committee should be appointed only if a "special need" for it were to arise. Such a special need might conceivably arise in particular if the international situation in our part of the world were to change in such a way as to make reassessments necessary. It can scarcely be denied that the general situation in Europe and the world has changed since 1981. Finland's situation, on the other hand, has remained stable. As a result, one cannot conclude categorically that a new review of the situation is either necessary or not necessary.

It has been claimed that President Koivisto was not enthusiastic about the idea of a new committee. If that is true, it can be interpreted in several ways. For one thing, it is an inescapable fact that a committee with a mandate to discuss security policy must "plow the field" in a manner different from that seen in the usual running analyses of the political situation. The importance of the three committee reports in the field of general security policy was at least equal to their importance in the area of defense policy. The danger that sensitive issues might come up exists, although one can certainly say that the three defense reports did not overstep the bounds of orthodoxy in foreign policy.

It can also be recalled that while the president has largely relinquished the management of domestic policy to the forces in Parliament, he has insisted all the more firmly that foreign policy be conducted through the president, the minister of foreign affairs, and their staffs. Rejection of a new parliamentary defense committee can be seen as a result of that same tendency.

As a kind of substitute for a committee with broad powers, there was a proposal for a committee with a narrower mandate--one that would concern itself only with defense appropriations over the coming 5-year period. That proposal was made by Minister of Defense Pihlajamäki, and it even received a preliminary blessing from the government's "night school."



But it fell between two stools. When the proposal was circulated for comment, it became apparent that the various parties held very different views of the situation. The two big opposition parties--the Conservative Party and the SKDL [Finnish People's Democratic League]--said that if a committee were appointed, it must be allowed to debate the entire security policy. The Center Party was virtually alone in supporting the course of action recommended by the Ministry of Defense.

In fact, the final word was spoken by the Social Democratic Party, where opinions seem to have been quite divided. The party stopped short of completely rejecting the idea of a defense committee; instead, it recommended a permanent advisory body where parliamentary opinions could be expressed.

That body has now been set up, and it is called the Parliamentary Planning Commission on Defense Policy. It has been set up to remain in operation through the end of the current legislature. Its instructions state that it is intended chiefly to give its opinion of existing defense policy plans and not to take any initiative on its own.

But in the final analysis, the activity engaged in by any body depends on its chairman and members, and it may happen that the commission will play a bigger role than one is inclined to believe. In any case, it can be stated as certain that the markedly dynamic period in our security and defense policy that was represented by the parliamentary committees is now over.

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POLITICAL

FINLAND

# SORSA'S PERSONALITY, GOVERNING STYLE, VIEWS ANALYZED

Helsinki SUOMEN KUVALEHTI in Finnish 19 Apr 85 pp 40-44

[Article by Jukka Ukkola: "World's Most Competent Prime Minister?"]

[Text] Kalevi Sorsa has been the leader of governments for nearly 8 years already and the end is not in sight.

The question posed by the title is not meant to be sarcastic. It is an assessment which was presented by one of Kalevi Sorsa's many critics sincerely even though he does not approve of all the products of this competency.

There is even a certain amount of envy to the question. Sorsa has much more experience in government leadership than any other Finn and the democratically elected prime ministers of many other countries. During his terms Finland and Finnishness have begun to be considered as a winning ticket. Thus have not matters been managed competently -- or even too competently?

As a shy person Sorsa himself does not say much about his own influence even though from time to time he does remind the people that we do have a good government.

As a power broker Prime Minister Kalevi Sorsa is typical in that he does not consider that he has a great amount of power. He considered that rulers of a republic -- the theme of this series, power and its use -- to be "somewhat strange with respect to himself".

However, since there are people in Finland in whose opinion the chairman of the largest political party and the prime minister, in general, and Kalevi Sorsa, in particular, has power, he is part of a group as seen in the eyes of others.

In this sense the prime minister's attitude is correct in that according to pure doctrine there is the "decision of the team" or a mass movement, namely the Finnish Social Democratic Party, even behind his power. Orthodox thinking includes the concept that a leader is only the locomotive, which the rails guide and the cars push.

In reality there is no train in which the cars push the locomotive. Nevertheless, Sorsa's power undeniably originates primarily from the SDP, secondarily from his "location" on the political map, and thirdly from Sorsa himself.

If he had not been surprisingly promoted to party secretary of the largest party in 1969, he would today perhaps be a career diplomat in a Central African republic or a cultural attache in some other French-speaking country.

Or if along with the party he were to promote the traditional goals of socialism too forcefully, he would hardly be able to keep strong majority governments together for years at a time in a Finland that is becoming more bourgeois.

Sorsa has been able to or compelled to use these premises in a manner which has perhaps made him the most influential person in Finnish politics as much as he says he detests the personification of politics.

Indeed, it is possible that if Sorsa pulls out of the leadership of the SDP in 1987 according to his own intentions, he will also lose the use of other power.

However, he has so far accumulated so much experience and responsibility that they have in part set him free from the chairmanship of the SDP. It is not certain whether there is someone to fill Sorsa's boots in 1987 or whether Sorsa himself will have to deal with a "transitional stage" in the government, for example.

Unless he is forced to do so he will not necessarily disappear into retirement with his pipe on the shelf. At least at this point in time it is somehow impossible to imagine any other Social Democrat than Kalevi Sorsa as the SDP's presidential candidate in the unlikely situation that the candidate is not Mauno Koivisto.

#### The Look of a Statesman

Sorsa's power is actually a kind of coincidence. He rose to the top in a backward manner: first as a party secretary, only then to parliament. An unknown Unesco official with a cultural orientation from Paris could hardly have become the SDP's candidate, not to mention parliament, without a visible position in the party even though he was abreast of the times with a master's degree.

But the right stuff was there for the development of a career by means of the position of party secretary: a somewhat philosophical approach to life, language skill, international experience, and the ability to negotiate. All of these exceptional traits have been of benefit in the garden of political animals.

Indeed, the only thing he had to seek was public popularity. There was a sufficient amount of this, if not in superabundance, packaged in his party secretary's portfolio with respect to his official position.

In addition to giving Sorsa power, his visible party career has also limited it. It is still doubtful that many people consider that Kalevi Sorsa is using power coming from the people -- at least in the sense that Mauno Koivisto is considered to be using it especially in the beginning of his presidential term.

Rather the State and the Party are embodied in Sorsa. Few politicians in Finnish history have had such a look of a statesman as K. Sorsa.

He has not even attempted to conceal this in his actions. During his term the state has been placed in the institutional care of the SDP, and the SDP continues to delegate it to Kalevi Sorsa.

#### Easy Groups

Even though his authority is strong, the position of guardian would not succeed in the long run unless it was not considered that Sorsa is on the right track, on the average -- above all in the SDP.

Sorsa has a few good means for remaining on the right track, such as the SDP's and the government's programs, in the development of which Sorsa himself has played a central role. He considers the SDP's new program of principles to be a monument to his political career so far.

The programs have been thoroughly debated and extensively approved, and their paragraphs are not being subjected to detailed scrutiny in daily politics. They give the executors freedom to act "generally for the common good". Even otherwise, the position of the chairman in the SDP as well as the position of the prime minister in the government are both rather stable at this time and the groups being led are relatively fixed.

Politically, Sorsa has placed himself "to the left of the center line". Even this definition is suitably flexible since the center line can move.

At this time the prime minister's practical concept of the common good seems to fit in the gap between the concepts of the average mainstream Finn and Social Democrat, which is not very large. In recent years the gap has not grown larger. On the contrary, the SDP has come closer to the state, the state has become closer to the SDP, and both have come closer to the center line.

This has, of course, made things easier for Sorsa's work both as a party leader and prime minister.

The groups behind the chairman in the SDP are comprised of stable 45-year old managers and professionals, whose Saabs are in good condition and the most exciting thing in their lives is giving Communists the worse end of the deal in their trade union sections.

They want to continue the peaceful life which Kalevi Sorsa is offering them. It is just as difficult to imagine the modern-day Social Democrat crying for

revolution from the barricades as it is to think of Sorsa directing it from a video tape. A revolution would mean the overthrowing of the SDP and Kalevi Sorsa.

Sorsa himself stated a full year ago in an interview in HELSINGIN SANOMAT: "Even I have been in agreement with Bernstein since I began to comprehend sometime in the 1950s that there can be no final social ideal which would one day become a completed reality."

He was also a Green even before the concept of Green was invented, sufficiently soft all his life and a stacker of lumber piles as a little boy.

Then why would such a group not unanimously elect such a chairman and a staff faithful to him as long as he performs in the desired manner and wants to continue?

#### Spokesman for the State

This background determines the degree of Sorsa's ministerial power. In government he speaks with the mouth of one-fourth of the people, "the moderate Social Democrats". Others are forced to listen since it is the biggest mouth.

Sorsa himself has cultivated the quality and direction of his power. His cultural interests have remained in the background in his practical work so much so that culture seems to be one of those few areas on which he does not have an actual influence. It has been replaced by economic and foreign policy in addition to general policy.

Presently, Sorsa is more dependent on state power than power coming from the SDP -- the state being the slightly greater of these two powers.

No one will dispute the fact that as a regent Sorsa is responsible and concerned. He will not allow anyone to harass the state.

The obedience of the background groups gives the prime minister an opportunity to use state power even against the desires of the Social Democrats -- at least the trade union movement. The justification is "the responsible management of affairs". The vast majority of his background groups believes or admits that life cannot always be according to the Social Democrats.

This understanding is supported by occasional reproaches, which Sorsa receives from his ruling partners for playing into the hands of his own party. Reciprocity includes criticism directed back.

#### Consensus Across Borders

Sorsa's multi-party power has in recent times been condensed into a consensus, a joint effort for the common good.

Invention is very good from the point of view of the use of power. Opposition to it is bad since then the common good is being opposed. When consensus is



unanimous, the power of the person determining its content grows beyond party borders.

It is certainly unreasonable to say that Kalevi Sorsa would determine the content of consensus or that which is in the interest of the state. Undoubtedly, he does, however, interpret it with the weight that a million supporters, the president's apparent like-mindedness, the solid Social Democratic voice of the trade union movement, the "understanding" of commerce and industry, and the long-term cooperation with the Center Party and particularly with Finance Minister Ahti Pekkala have given to him.

Consensus and the "width" of the SDP's line may also extend the prime minister's influence beyond government borders.

In the initial phases of Sorsa's government there was talk that the Center Party had authorized itself to represent the Conservative Party also in the government. Now the situation is not so clear. The division into socialists and non-socialists has lost its significance.

Of the nation's few subjects of dispute, some draw a line between the Center Party and the Conservative Party -- the most typical being area policy, which the Center Party is threatening to make into a government question.

On the other hand, the right wing is agonizing over what it will have left since the SDP is warming up former Conservative Party initiatives for its budget proposal.

Perhaps the trend is that the SDP considers that it is also representing the Conservative Party in the government -- or at least similar ideas. The SDP considers that it represents the SKDL [Finnish People's Democratic League] from before already.

The more there are such "representations", the less the force of the opposition. The Social Democrats' slogan "raise the roof high and place the walls wide apart" is now having an effect even though little is said about it any more.

#### It Is Safe in the Center

Even before consensus, Sorsa's governments have been as strong as they can be under Finland's pluralistic conditions. The majority is generally so stable that the government can trust in it in every situation. If it dissolves, it will dissolve from within.

Parliament, to which the government is in principle responsible for its actions, has in practice been compelled to bless the government's conciliatory arrangements since they are built into packages, in which changing individual points would destroy the whole package. Repeatedly parliament is compelled to admit that a slim agreement is better than a fat dispute.

The present government assumed when it began that it will remain intact for the whole election period. The longer the election period lasts, the more probable this seems.

As far as the divided opposition is concerned, the Conservative Party has been "condemned" to sitting on the sidelines, the SKDL to its internal conflicts. It is safe to be in the center.

Possibly this has resulted in the fact that the prime minister has begun to explore the limits of his power from elsewhere. The idea that the media is becoming a threat to democracy or it is striving to become the opposition is interesting from the point of view of Sorsa's own concept of power. In suspecting such things he, in fact, is making influence and not decision-making the primary power since this the media, naturally, does not have.

It is just this influence that he himself personally has more of than direct decision-making power. The SDP or its prime minister is able to make a direct decision about few issues. But with their prestige and consensus they are able to influence others, the government as well as the opposition. After that, there are few obstacles to the use of decision-making power.

If thus Sorsa considers that he alone does not have much decision-making power, it is doubtful that he regrets this since he, on the other hand, confesses from time to time that influence is the real power.

A Mature Koskela or A Pushy Nappula?

Prime Minister Sorsa seems to be striving as a user of power to be more the friendly Second Lieutenant Koskela than the pushy Second Lieutenant Nappula. He carefully avoids a show of excessive power.

For this effort he receives praises all the way from the neighboring party: "He is not ostentatious and he does not use needless gestures -- there is a certain modesty to his nature."

However, from time to time modesty is put aside. Sorsa is bothered by the fact that the salvation of consensus is not understood. Then he must blow his own horn: "We have the world's best incomes policy [labor contract] solution." Or: "Compared to the international situation, unemployment is not so bad."

Behind the scenes Sorsa uses power even aggressively. There he can surprisingly come out as a Social Democratic Party politician to the degree that he provokes others and in rather unimportant appointment issues.

In public Sorsa would rather use the power of the word. Experts can distinguish when he has written his own speech and when someone else has written it. In his own speeches he uses comparisons and mixes his own invented words, sometimes so much so that the issue tends to become lost in the play on words. He is a better writer than a speaker even though he has the reputation of being an animated debater.

Otherwise, the prime minister is praised particularly for his "morality", "intelligence", and "experience". "He is a mature political leader," say his opponents. It is believed that he always means well and believes that himself.

In political circles the fact that "there is not even a trace of populism in Sorsa" or "no charisma can be found from him even by scratching" is chalked up as maturity, morality, and intelligence.

This is also apparent. Sorsa is not a favorite of the people, has never been, and does not especially strive to be such. Rather he seems to hope that some day his popularity will stand on its own on the basis of deeds and not television.

Even though Sorsa is perhaps not a political player, he is still skillful. He has demanded creativeness in politics many times and has demonstrated that he possesses this himself with a few insights. The most visible of these was the inclusion of the SMP [Finnish Rural Party] in the government to answer its cries for employment.

It is said that the prime minister is a kind of dual power broker, who does not have any medium-size issues. On the one hand, he wants to make major policy and, on the other hand, he may concentrate on studying letters or notes he has received, attach his own comments on them with paper clips as well as send them on -- delegate.

#### "Thin Skinned, Shy, Clumsy"

The accusations against Sorsa have not been made as much for how he has used power as for the fact that he generally has too much power and there is the possibility that he could abuse it.

The opposition in his own party is currently rather quiet, but it is clearly awaiting for the day when the bubble will burst. Not everyone, for example, approves of the fact that the party leader is also the prime minister since it is considered that party work will be neglected and that the SDP is changing into a monotonous organization without any substance.

Even more people criticize Sorsa for concentrating power and the inflexible thinking as a consequence of it.

Perhaps the most prevalent negative statements attributed to Sorsa are "thin-skinned", "harbors a grudge", "unfriendly" and "clumsy".

Nicely said, these traits result from the fact that he is somewhat shy and likes to be alone.

"He is sometimes somewhat slow-moving and becomes lost in thought. He considers issues thoroughly and becomes irritated if he considers that he has been deceived.

He may fail to greet someone merely for the reason that he is deep in thought. He is not actively sociable. It also depends a little on what kind of mood he might be in."

Those who are irritated with Sorsa describe the matter differently: "There are no critics around him, only a group of buzzing sycophants who run around fulfilling the chairman's wishes. Even Kekkonen, on the other hand, permitted those with differing opinions during his days of power."

The comparison with Kekkonen is no accident. Sorsa seems to have several of the same traits. Perhaps he would run -- things other than the public word -- if it were possible in the present situation.

#### From Wood Stacker to Prime Minister

The merit list attributed to Taisto Kalevi Sorsa, master of social sciences, 54, is not very long, but in the final count it is impressive.

His background is what the background of a workers' leader should be: the life of a young boy was that of a warm kitchen, rag collecting, and wood piling in a wartime and postwar Finnish road foreman's family, from which Kalevi left with the doors swinging at the age of 15 to get a job in a saw-mill.

Sorsa became an academic quite late as an experienced married man. He completed his journalism degree in 1957 and his graduate degree in social sciences at the age of 33 in 1963.

He began his own personal communications career even before today's infocrats were born, and quit when the large age groups learned how to write unintelligent statements in elementary school. His path travelled from one workers' news media to another and finally led to a job in his actual calling as an editor for the Tammi Publishing House at the end of the 1950s. From there he sprang to a position of program assistant and program specialist in Unesco and finally became the general secretary of Finland's Unesco Committee. He also worked as an assistant section chief of the Education Ministry in the last couple years.

Since 1969 Sorsa's history has been the history of the SDP and Finland. Social Democratic mover Reino Oittinen and then Chairman Rafael Paasio, of course, have been given the credit (perhaps sometimes blamed) for finding him in Paris for the service of the party.

The party secretary was elected to parliament in 1970 and chairman of the SDP after Paasio in 1975.

So far his party career has reaped prime minister's portfolios for Sorsa in a total of six governments. The record in Finland was broken a long time ago, this spring will complete 8 years. Sorsa has also been a foreign minister twice.



He also spreads the message of consensus to the world as chairman of the Socialist International's consultative disarmament work group and as vice-chairman of the Socialist International.

On behalf of his post as prime minister Sorsa also conducts meetings of the state's economic, defense, and science councils as well as the ministerial work group dealing with problems of the capital city area.

The prime minister does not have an actual position in incomes policy and a Sorsa-agreement has never been concluded in Finland. Because of his position, he still has an influence on incomes policy, sometimes too much in the opinion of the trade union people. He recently made the threat that if an agreement is not reached on the rules of the game in the labor markets soon, the government may interfere.

Since Ahti Karjalainen's resignation in the fall of 1983 Sorsa has carried the title of "chairman of the Finnish Section of the Joint Finnish-Soviet Economic Cooperation Committee", which he wanted for reasons other than its length. In this capacity he primarily represents the needed prestige of the state, but he has become directly involved in the conduct of trade, for example, by recently asking for additional railroad cars from the Soviet Union.

Unlike other prominent politicians, Kalevi Sorsa has not accumulated very many leadership positions in commerce and industry. He was involved in starting up and closing down the state-owned Valco's picture tube plant, but he succeeded in turning even this to his benefit by announcing in several television election panels with apparent honesty that he, among others, should be blamed.

Finnair (chairman of the advisory board) and the Postal Bank (member of the board) are more well-established firms paying Sorsa for his services.

Wagers have been made to the effect that Sorsa's next position will be with Finnair if he retires from politics in 1987. Other speculations have been director of Unesco (1973), UN General Secretary (1980), president of Finland (1982), and a resident of a cottage in Heinola.

For the last-mentioned position he is currently working on two out of four of his interests when he has time, exercise and art. The other two, social and international questions, he can pursue on the job.

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POLITICAL

FINLAND

## KOIVISTO ON NUCLEAR-FREE ZONE, SOUTH AFRICAN POLICY

Helsinki SUOMEN SOSIALIDEMOKRAATTI in Finnish 20 Apr 85 pp 6-7

[Interview with Finnish President Mauno Koivisto by Lauri Sivonen, date and place not given]

[Text] President Mauno Koivisto believes that South Africa is faced with changes of crisis proportion unless some kind of gradual and soft-line transition is made to majority rule in the country.

In an interview granted to the chief editors of Social Democratic newspapers Koivisto says that all Western countries may be faced with difficult moral questions because of these changes.

The president says that Zambian President Kenneth Kaunda confirmed during his recent visit that South Africa is rapidly headed toward a waterfall unless the country's government changes its policies. There is little time left, 2 to 3 years.

At the beginning of the interview President Koivisto evaluated international economic prospects and commented on speeches about the return of Finnish foreign policy to the Paasikivi era.

[Question] Mr. President. We would be interested in hearing your understanding of economic policy and of those speeches to the effect that Finland has returned to the Paasikivi era, a more cautious time, with respect to foreign policy.

[Answer] It is difficult for me to say much about my views on economic policy even though I follow domestic as well as international developments and the debate on it with interest.

As far as the international economy is concerned, statements that preparations are being made to reform the international currency system seem to be accepted as the truth too readily.

Over a period of several years I participated in meetings of the so-called temporary committee of the International Monetary Fund, the kind of meeting about the commencement of which there have been reports in the mass media and news

about expected reforms to the monetary system in connection with such a meeting. I remember, however, how difficult it has been so far to push even the smallest changes through. The international monetary system is apparently one of those issues in the world in which the commencement of negotiations is significantly easier than the successful conduct and completion of negotiations.

In the international economy there are major unresolved questions, of which an important one is the, generally speaking, worsening debt problem. Many countries have become caught up in a rather serious debt spiral and for the most part need all of their export income for the management of their debts, which will, of course, result in an impossible situation. There is also a lot of insecurity, injustice, and distress in the world because of economic reasons.

It is a question of what very well-off peoples and nations can do, and it is a question of what economically weak states and their leaders should do. There are elements of hope for a better tomorrow for all the people of the world as well as for doubts.

As far as our foreign policy is concerned, it has continued along rather traditional lines. In the spring of last year I stated that to some degree I have moved toward the Paasikivi era.

In public one frequently hears the idea that Urho Kekkonen made initiatives all the time. This is not true. Since he was president for such a long time, it was possible to accumulate a rather large number of initiatives.

Generally, what happens is that important issues are accomplished if they are to be accomplished after efforts requiring a considerable amount of time. We have much to do in order to bring to a successful conclusion those goals which we have set for ourselves and for which the path has been pointed out by my predecessor.

I have been able to confirm that the management of foreign policy has the strong support of our people and that the premises of our foreign policy are increasingly considered to be self-evident. They provide clear points of departure for daily and slightly less frequent decisions.

#### A Nuclear-Free Nordic Area

[Question] Mr. President, what is the situation regarding a Nordic nuclear-free zone? Is this also busy work for the sake of being busy, as a certain national daily newspaper recently gave us to understand? Or is it a question of the fact that there is a desire to approach the zone initiative with extinguished lamps or with less light?

[Answer] In recent years this idea has received a completely different response than previously in the Nordic countries. In Finland there have been no significant differences of opinion on the justification for accomplishing this project.

The debate on this project in recent years has been quite satisfactory from our point of view. The debate has, to a great degree, resulted in the adoption of the idea that the zone should affect the area of the Nordic countries joining it, but this solution should also have an impact outside of this area, which corresponds with our thinking. Soviet leaders have issued statements in which they have declared the Soviet Union's readiness to cooperate with such arrangements which would also affect Soviet territory.

But it is above all a question of the aspirations of the Nordic countries themselves. After that, it will be a question of the attitude of those states which have nuclear weapons since it will become a question of their behavior. The Soviet Union has expressed interest and understanding toward this project to an increasing degree. The positions on the American side have fluctuated: primarily the positions have been sceptical and in some instances the attitude has been clearly negative.

Sometimes public hints are made to the effect that Finland and Sweden should unilaterally declare a nuclear-free zone. However, we have considered that as long as realistic opportunities exist for a broad arrangement reinforced by treaties, we should continue to strive toward this.

#### South Africa, Comparisons to Kekkonen

[Question] Mr. President, we would like to ask about Finland's South African policy and whether one can expect any commercial policy measures in it and whether Finland's foreign policy has been more cautious than that of the other Nordic countries, for example, and if so, why?

[Answer] Our policy has, in general, been more cautious, even traditionally: we have been more cautious in one direction or the other. Sweden's positions regarding questions of international policy have also become somewhat more cautious compared to what they have sometimes been in the past. Sweden has sometimes adopted a rather radical stand on issues, which has resulted in long and heated debates.

My position has been a little difficult since it has been said that we are now living in a completely new time: at times there has been talk about a completely new republic, in which a freer spirit prevails. In this way I am rather easily placed in an antithetical position with my predecessor. I do not like this at all.

I read the literature at my own speed and quite frequently timely issues push aside literature dealing with questions of principle. Last week, however, I did manage to read Osmo Apunen's book on Kekkonen's legacy ("Tilinteko Kekkonen aikaan" [An Account of the Kekkonen Era]).

There is much talking past one another in the academic debate in Finland on international politics, but there is also much serious deliberation and analysis of difficult questions. Osmo Apunen has his own strong points, just as Keijo Korhonen, who represents a radically different approach to questions of international policy.

Words can be used in very many different meanings, but in my opinion it can also be said that each country and each government in their decisions concerning foreign relations must weigh the various points of view, among which some represent national selfishness and others represent unselfishness.

I understand when Apunen wants to say that a strong emphasis on realism can easily result in cynicism.

We are continually forced to deal with rather difficult questions in the international forum when we also know that if we adopt a position of moral condemnation in one issue, we will soon be asked why we have not adopted a similar stand in another issue. We are required to be consistent.

Naturally, the requirement of consistency has its own limits, and we cannot think of going straight ahead into the future by making only certain that the wake left behind us is straight. But consistency is an important issue in politics if we want our positions to have an effect. We need credibility so that we can achieve those results at which we aiming in international relations.

As far as South Africa, in particular, is concerned, the UN has adopted some rather far-reaching stands, which we have also supported, but concrete decisions on an economic boycott have not been made.

As far as certain recent domestic positions in this matter are concerned, they do contain a clearly timely tactical coloring. I have the understanding that we will be faced with some rather difficult questions with respect to South Africa. When Zambian President Kenneth Kaunda visited here, he was not very optimistic about developments in southern Africa. He considered that there will soon be a real crisis unless the government of South Africa changes its policies. There are 2 to 3 years left according to Kaunda.

On the one hand, the Republic of South Africa seems to have achieved success in its foreign policy, and its military strength has increased. On the other hand, it is difficult to imagine that the white minority holding power there will be able to maintain its present position forever. If no gradual or soft-line transition to majority rule occurs, then there will be changes of crisis proportion. This will place all the Western countries before some difficult moral questions.

Living Beyond One's Means?

[Question] Mr. President, Seppo Lindblom seems to have said that we in Finland are living beyond our means. Does this sound familiar? Are we living beyond our means?

[Answer] I am not completely familiar with what was on Seppo Lindblom's mind when he made this statement. Traditionally, savings have been at a high level in Finland even if investments have often been at an even higher level, which has resulted in indebtedness to foreign countries. There is some room for outside movement in our economic policy, but not very much.



What I have observed is that there has been a need in one direction or another to emphasize the importance of raising our profile. Normally, this means an increase in government expenditures and it can easily become a question of relatively large amounts of money. The thinking is that one's own group should get off easier and some other group should carry a little greater share of the responsibility. I have understood Seppo Lindblom's speech against the background of such views.

Apparent needs for raising the profile increase as the parliamentary elections draw closer and the consequence of this will be sheer politics and greater difficulties in managing the economy. I would preferably like to see that the major differences be directed at small issues and that the large issues be resolved with fewer differences.

#### Mystique of Power

[Question] Mr. President, Prime Minister Sorsa made the statement that President Koivisto has done away with the mystique of power. Do you have anything to say to this?

[Answer] That theme with which I conducted my own election campaign was the question of the president's position in a country in which the government must enjoy the trust of parliament.

I emphasized the parliamentary system in effect in our country and my intention to strengthen these aspects of the system.

I have tried to live in accordance with this and I have not ended up in situations in which these principles have been put to even the worst test. Naturally, there have been a few appointments and something similar, but nothing more serious. There has been no difficult or profound conflict which would have resulted in the fact that issues would have come to the president to be resolved because of their content.

The parliamentary system has functioned well. The formation of a government has not been unreasonably difficult and the government has operated on a stable parliamentary base. The government has managed its affairs well.

#### Method of Electing A President

[Question] Mr. President, the government is also proposing changes to parliament in the method of electing a president with respect to the partial changes to the constitution. The voter can divide his opinion in a rather different way: vote directly for a presidential candidate and also vote for an elector, and they could be of differing positions. What is your attitude toward this new law?

[Answer] When there was an animated debate on this issue several years ago, I expressed the general doubt that it would be possible to reach an agreement on such a major change since it has not been possible so far to agree on even the smallest changes.



As time has passed and the government deliberated the issue, it became evident that only small changes should be made to our present constitution. That proposal which went to parliament is quite similar to the current arrangement.

The possibility of the election of a dark horse has remained as a negative factor in my mind in the debate conducted in connection with the elections. The idea did not bother me terribly, but I noticed that it bothered some other people a lot.

When electors are elected, it is not just a question of who has how much support, but who has how much opposition also becomes a consideration. To me, among those alternatives which are to be deliberated here, the government's proposal is quite justified. One can separately vote for an individual, but electors are also elected so that in the event that no candidate receives the majority of votes, they are quite free to form their own opinion.

In my opinion the government's proposal is not a very large step, but proceeding from the existing arrangements and the fact that it is difficult to move with respect to the basic question, it is in my opinion a mild step in a positive direction.

In legislating reform we must consider that it will probably be in effect for several decades. No one is able to predict all those alternatives which can appear. And it is possible that there may arise even such situations which may be a complete surprise and which were not imagined when the legislation was considered, but this is completely normal with respect to all legislation. Generally, we proceed from some timely question and we, of course, make an attempt to open the curtain on the future a little and see what is waiting.

Thank you, Mr. President.

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POLITICAL

FINLAND

NEWSPAPERS AROUND COUNTRY EXAMINE 'ANTISOVIENTNESS' CHARGES.

Helsinki UUSI SUOMI in Finnish 16 Apr 85 p 2

[Editorial Roundup]

[Text] Assistant City Manager Erkki Tuomioja, who is also the chief editor of YDIN, writes in ILTA-SANOMAT that information and its transmission cannot in themselves be anti-Soviet. "Neither is the fact that in addition to material transmitted from and by the Soviet Union itself, more critical Western material is also published. Such a sensitive matter as subjecting the Terijoki Government to serious historical research is also not anti-Soviet."

Tuomioja writes that information and research are a different matter than intentionally incorrect, false, and selective propaganda about Soviet conditions. When this is encountered in Finland, there is reason to condemn it unambiguously.

Even correct information can be used for anti-Soviet purposes by means of biased slanting, selectiveness, and repetition. Even official Soviet sources can be used in this way.

MP Paavo Lipponen writes in ETEENPAIN about Professor Ilkka Saraviita's allegation of parliamentary blackmail.

The criticism of jurists is more political and than juridical. Nothing prohibits the government from using labor market organizations as experts. When certain Center Party members have commented sympathetically on Saraviita, let them be reminded that it is doubtful that any significant agricultural policy legislations will be made without the MTK [Agricultural Producers Association], points out Lipponen.

Former Chairman of the SKP [Finnish Communist Party] has no desire for left-wing cooperation, writes Aimo Kairamo in SUOMEN SOSIALIDEMOKRAATTI. Kalevi Sorsa is somehow just as bad as Arvo Aalto and this is saying a lot. On the other hand, Kairamo points out that Kajanoja has condemned Arvo Aalto, who first promoted Kajanoja to a post in the area development fund, from there to the housing administration, and then as a minister, for anti-Communist views contrary to real socialism.

A large number of Kajanoja's class enemies happen to be in the workers' movement, writes Kairamo.

POLITICAL

FINLAND

# KOMISSAROV BOOK INDICATES USSR WANTS MORE KOIVISTO INITIATIVES

Helsinki HELSINGIN SANOMAT in Finnish 30 Apr 85 p 9

[Article by Erkki Pennanen: "New Book About Finland by Komissarov: Koivisto Follows Policy Line, but Why the Low Profile?"]

[Text] In a new book in which he reviews our country's foreign policy during the Kekkonen era and the period after the change of presidents, the Soviet author writing under the pen name Yuriy Komissarov writes that Mauno Koivisto's first few years in the office of president have strengthened the continuity and consistency of Finland's foreign policy line.

The book will be appearing any day now -- in Finland first.

According to Komissarov, in connection with the change of presidents those speculations engaged in in the West, according to which a new era would begin in terms of Finnish foreign policy and the possibility of changing orientations would unfold once Urho Kekkonen had retired, have not materialized.

Komissarov writes that, like his predecessors, Paasikivi and Kekkonen, Koivisto has made the development of relations on the basis of the Friendship, Cooperation and Mutual Assistance Pact the most important business of his foreign policy.

The author writing under the pen name of Yuriy Komissarov became known in Finland in the mid-1970's through his books: "Finland Finds Its Policy Line" and "Good Neighbors for 30 Years." In particular his interpretation of the broad jurisdiction of the military provisions of the Friendship, Cooperation and Mutual Assistance Pact gave rise to bewilderment and counterclaims.

We know that the pen name represents the Soviet Foreign Ministry's familiarity with Finland.

In his new book, the title of which is simply "Policy Line," Komissarov's attention is primarily focused on Kekkonen's contribution as the developer of the Paasikivi-Kekkonen policy line and on the continuation of that line after the change of presidents.

The book will probably also appear later this year in the Soviet Union.

In his book Komissarov tries to present himself in a somewhat big brotherly fashion as a teacher and interpreter of the Paasikivi-Kekkonen line. He nevertheless reviews the development of our foreign policy line in a very favorable tone without raising new doctrinal controversies.

According to Komissarov, when Finland moved into the 1980's, its foreign policy image was fully developed and established.

#### Presidential Elections Were a Choice of Personalities

According to Komissarov, in the 1982 presidential elections there was no longer any question of the fate of the Paasikivi-Kekkonen line.

"The issue in the elections was first and foremost which politician it would be incumbent on to assume the legacy of Kekkonen's foreign policy and whose political experience, skill and prestige would merit the authority of continuing the Paasikivi-Kekkonen line in a consistent fashion in the future as well."

Thus Komissarov at least afterwards gives us to understand that, as far as foreign policy is concerned, every presidential candidate qualified from the Soviet viewpoint.

At another point he scoffs at those conjectures of the Western press according to which the Soviet Union would not permit the Finns to choose the president they want.

Komissarov stresses the stability of the Paasikivi-Kekkonen line, based largely on continuity in the country's foreign policy leadership.

"In the specific circumstances under which Finland operates this above all means continuity in the president's functions...", Komissarov writes, and emphasizes the ever greater importance of the president's role in foreign policy during the periods Paasikivi and Kekkonen were in power.

#### Conservative Party Still Raising Doubts

Komissarov gives us to understand that in the Soviet Union they hope that the same president will remain in office as long as possible.

Another important factor from the standpoint of the foreign policy line has been the solidity of its domestic policy foundation, Komissarov writes. Therefore, how the country's domestic policy balance of power is distributed in the future is also important: Will cooperation between the parties of the Left and the Center continue or will conservative factions succeed in changing the currently prevailing balance of power to their advantage, in splitting the present coalition and in realizing its vision of a "third republic"?

Komissarov makes it clear that the Center-Left coalition and broader cooperation between the parties of the Left and the Center in the government are from the Soviet viewpoint to be hoped for in the future too.

While Komissarov does see positive indications of development in the Conservative Party, he feels that the forces that are aiming at changing Finland's foreign policy line will preserve their own power within the party.

"Since the Conservative Party failed in its attempts to get into the government after the 1983 parliamentary elections, the feeling has become stronger in the party that a 'clearer, more conservative image' must be restored to its political line, one which does not exclude corresponding changes in the positions the party assumes on foreign policy as well."

According to Komissarov, big capital's so-called apolitical organizations, of which the Economic Commission (EVA) "has particularly significantly increased its activity," are trying to play an ever more important role in the coordination of conservative faction activities. Komissarov refers to EVA efforts to look for development models and new alternatives to the Left-Center coalition policy.

The EVA talks about a third republic founded on a pronounced nationalist base and cooperation between the classes, a corporate state, and assigns itself the mission of limiting the powers of the constitutional organs and above all of the president in the domain of foreign policy among others.

"The factions that have aligned themselves with the EVA are trying to effect measures that would discriminate against those candidates who are known to be consistent supporters of the cultivation of relations between the Soviet Union and Finland," Komissarov writes, alluding to Ahti Karjalainen's candidacy.

Komissarov remains silent on the Communists' internal squabbles and the current situation in the SKP [Finnish Communist Party], likewise with regard to the SMP [Finnish Rural Party].

#### Kekkonen's Warning

Komissarov praises Urho Kekkonen as an exceptionally far-sighted statesman who understood the interests of his nation. Komissarov cites as an example Kekkonen's attitude toward Finland's "neutrality policy." According to Komissarov, Kekkonen defined it in a very general way and did not extend it to Finnish-Soviet relations, which are determined on the basis of the Friendship, Cooperation and Mutual Assistance Pact.

"We may consider Kekkonen's words to the effect that they should not make too much of a fuss about this principle since 'it is not an end in itself for us, but a means of furthering foreign policy...' to have been a warning to those who would like to elevate Finland's effort to carry out a peace-seeking neutrality policy to the status of some sort of absolute value."



Komissarov recalls Kekkonen's remark that, if this foreign policy line should conflict with the country's national interests, the national interests may naturally not give way to it.

#### Low Profile Issues

Komissarov stresses the active approach of Kekkonen's foreign policy actions.

In reviewing the beginning of the Koivisto era, Komissarov says that in the foreign policy debate engaged in in Finland the idea is often raised that in a world situation that has come to a head the Finns should demonstrate greater restraint than before in defining their positions and pursue a so-called low profile policy.

Komissarov admits that tension in superpower relations can create certain problems for Finland.

In his opinion, there must, however, be no sign of passivity or a reduction in activity in questions of war and peace. In these, according to Kekkonen, Finland is not neutral.

Komissarov describes as "interesting" Koivisto's view of himself, that, departing from Kekkonen's policy line, he has to a certain extent moved toward Paasikivi in general in taking stands on foreign policy.

"By this the president obviously meant changes not in the content of the foreign policy line pursued by Kekkonen, but in their execution," Komissarov writes in a slightly confused manner.

In the final chapter of the book Komissarov says that, like his predecessor, President Koivisto emphasizes how important it is to keep continuation of the present policy line removed from all speculation. Komissarov reminds us in Kekkonen's own words how important the confidence it enjoys is to a successful foreign policy.

By this Kekkonen was particularly asserting that the preservation of confidence presupposes not proclamations, but concrete actions and how its preservation completely depends on the country's actions from day to day in ever-changing international situations. Komissarov cites Kekkonen as if it were an obligation to his legacy.

In his book Komissarov touches lightly on Finland's negotiations with NORDEK [Nordic Economic Union] and the EEC, the debate over a nuclear-free Nordic zone and the threat to Northern Europe's security posed by cruise missiles. He does not, however, present any really new points of view.

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POLITICAL

FINLAND

KOMISSAROV BOOK ON SOVIET POLICY TOWARD FINLAND REVIEWED

Helsinki HELSINGIN SANOMAT in Finnish 2 May 85 p 20

[Review by Max Jakobson of book "Linja" [Policy Line] by Yuriy Komissarov, Otava, 1985]

[Text] The participation of officials in the public discussion on current issues in their own fields of activity under the cover of a pen name is an old Finnish custom. It also used to be a familiar one in Russia.

So we may view the pen name, Yuriy Komissarov, as the continuation of a Finnish-Russian tradition since the author from time to time publishes books and articles on Finnish affairs. It is, however, strange that they are not published in his own country, but only in Finland; Soviet publishers would scarcely be ready to provide reciprocal services for a Finnish author using a pen name.

Komissarov is probably a member of the team of specialists on the Nordic countries of the Soviet Foreign Affairs Ministry. They generally spend their entire official careers working alternately in the Nordic capitals and the Foreign Ministry's Nordic Department; they know the Nordic languages and are thoroughly familiar with conditions in those countries. Hardly any other nation's decision-makers, with the possible exception of Sweden, have at their disposition as capable a group of advisers in dealing with Finnish affairs.

How this specialization in Nordic affairs is rated among the Soviets' own diplomats is another matter. For some it may be a ticket to a comfortable life, but for others a sentence to lifelong boredom. The stable conditions of Northern Europe just do not offer opportunities for great diplomatic achievements. But one can write books as a spare-time job.

Garbled Etymologist

The use of a pen name gives a writer certain freedoms, if not in terms of content at least in terms of expression, and here and there Komissarov permits himself the employment of personal emphases.

Judging from those passages, he knows how to write lively prose. But most of the book nevertheless consists of official speeches and quotations excerpted from communiques.

As a result, the work is like a crossword puzzle, on the basis of whose clues the reader has to assemble the author's message himself. One needs a certified etymologist to do the job, one who knows the sacred texts of Finnish-Soviet relations inside out.

One way of solving the puzzle is to compare the work that has just been published with earlier ones by the same author. The pen name, Komissarov, appeared for the first time on the Finnish book market in 1973, when "Finland Finds Its Policy Line" was published. Four years later "Good Neighbors for 30 Years," for which two pen names — T. Barentyev alongside Komissarov — appeared as the authors, was published. In 1979 B. and K. again published a jointly authored book, "Cooperation by Stages."

In all four books there are the same materials, but odds and ends have also changed. It is always worth while noting what has been omitted. On the basis of this we can chart the meandering of Komissarov's own approach from the early 1970's to this day.

The Friendship, Cooperation and Mutual Assistance Pact naturally occupies a central position in all the books. An expanded interpretation of the second article of the pact appeared in the 1973 and 1977 works, one according to which the reference in the pact to an attack or the threat of an attack on Finland or the Soviet Union through Finnish territory must not be understood "too narrowly or too literally." Consultations should be entered into in the event the military policy situation in Northern Europe changes, not just when the threat of an armed attack materializes.

In Finland people wondered whether the intention was to strive for a general consultation obligation of a kind that would be included in alliance pacts. During the 1948 negotiations President Paasikivi specifically rejected that. But since that point was no longer reiterated in the book published in 1979, the matter was omitted from the order of the day.

#### Cruise Missiles, Not Painted Black

In the explanation contained in Komissarov's latest book, there is nothing in the Friendship, Cooperation and Mutual Assistance Pact that might in any way trouble a Finnish reader.

In connection with this, he reviews the discussion over cruise missiles engaged in in Finland, noting that it is "quite natural" for the "obligations stemming from the 1978 agreements" to have been alluded to in this discussion. But he does not paint things black as some Finnish writers have, instead emphasizing that, "of course, as sovereign states both Finland and Sweden themselves determine with what means they protect their air space from violations," and he notes that these means are already being planned and implemented.

Aside from the Friendship, Cooperation and Mutual Assistance Pact, another key concept is neutrality. In the 1973 and 1977 books he vehemently and at length asserted that not only Finnish, but also Soviet writers' earlier view of Finland as a neutral state was heretical.

In his latest book Komissarov glides through President Kekkonen's speeches and papers like a slalom skier, accurately avoiding every quotation in which the word neutrality might appear. He tactfully describes the change in the Soviet Union's attitude toward Finland's neutrality without mentioning names in the following words:

"In view of the fact that some local firms operating in Finland and in the West have narrowed the significance of the Friendship, Cooperation and Mutual Assistance Pact... in the early 1970's a version of it was jointly formulated at the political level between the Soviet Union and Finland that expresses the main principles of Finland's foreign policy and their relation to the 1948 pact."

#### Tolerant Attitude Toward Neutrality

Komissarov's attitude toward Finland's neutrality policy has, however, changed to a more tolerant one. He admits that, when speaking of Finland's foreign policy, Kekkonen often described it "as a neutrality policy" (the quotation marks are Komissarov's).

He also notes that Finland's "effort to pursue a neutrality policy desirous of peace" has received international recognition and cites Kekkonen's definition, according to which Finland cannot resolve its security problem by seeking protection from some sort of superpower alliance against the other [superpower], but by remaining outside the superpowers' conflicts of interest and by cultivating good relations with all nations.

Komissarov stresses the fact that the effort to remain outside of conflicts of interest has not meant passivity with regard to war and peace issues, and he writes in an altogether positive, even praiseworthy, way of Finland's contribution in favor of international cooperation and arbitration. But the reference that appeared in his earlier books to Finland "as an ally of the Soviet Union in its peace policy" is omitted and Komissarov also states that, "in defining its positions, Finland, is careful to see to it that... international confidence in the policy it pursues is preserved"; in other words, Finland must operate in an impartial manner.

An obvious change is apparent in Komissarov's position on Finland's relations with the West. In his first book he stated that Soviet-Finnish relations are not directed against the interests of third countries, nor do they restrict cooperation with them by the Soviet Union, on the one hand, and Finland, on the other: "Both the Soviet Union and Finland are sovereign nations in their relations with other countries," he said. But then this was followed by a suspicious and mistrustful addition: "on condition that they (their relations with other countries) do not conflict with the obligations incurred through the Friendship, Cooperation and Mutual Assistance Pact or the interests developed through friendly relations between the Soviet Union and Finland."



## Finland and the West

In his latest book Komissarov unreservedly says that cooperation between the Soviet Union and Finland poses no obstacles to contacts between Finland and the Western countries: "Finland's effort to maintain good relations with all nations, which has been proclaimed to be an essential part of the Paasikivi-Kekkonen policy, has always been received with much understanding in the Soviet Union."

He approvingly cites Kekkonen's statement that Finland cannot be the West's vanguard against the East and adds to it that it cannot be the East's vanguard against the West either, but "rather, by pursuing an independent policy, Finland may function as a bridge in terms of international cooperation."

Komissarov shows understanding for Finland's trade policy decisions, stating that it was "difficult for Finland to remain aloof" from the evolution of West European economic integration: "The need to protect Finland's ability to compete in terms of its exports and the need to import indispensable raw materials and goods have forced it to implement the appropriate measures."

He objectively reports Finland's negotiations, first to join EFTA and then to conclude the free trade agreement with the European Economic Community, ending with a critical observation: As a result, Finland's economy has become more subject than before to Western economic fluctuations. But he does not claim that Finnish-Soviet relations have suffered any damage because of these decisions.

## Koivisto's Election

All in all, Komissarov's description of Finland's foreign policy includes all the distinctive features of our neutrality policy — only the word itself is missing. Time and again he emphasizes the independence of Finland's policy, and independence is, after all, the essential core of a neutrality policy.

Komissarov describes the election of Mauno Koivisto as president of the republic in a favorable tone. He alludes to Western predictions that "the Soviet Union will presumably not allow the Finns to elect the president they themselves want" and states that, after the election, in the West too they had to admit that Koivisto was elected "through the democratic and free expression of the will of the people of Finland" and that the news of this "was received in the Soviet Union with feelings of satisfaction."

According to Komissarov, Koivisto's first few years as president have already confirmed the continuity of the foreign policy line and its consistency.

As he sees it, the durability of the policy line largely depends on the stable power of the president. Their style of governing may, of course, change when there is a change of presidents, he says, but clearly hopes that the president will continue to keep the leadership of foreign policy in his own hands.



Komissarov is also conservative in his appraisals of Finland's domestic policy: He seems to hope that everything will remain unchanged. He feels that cooperation among Communists, Social Democrats and the Center Party is a guarantee of continuity. He does not say a word about the disintegration and weakening of the Communist Party, nor does he analyze the consequences of the change.

He still reacts to the Conservative Party with reserve. "Particularly significant forces that have not given up their attempts to change the country's foreign policy line have retained their influence in the Conservative Party," he writes. But a couple of pages farther on he himself admits that "actually at this moment there is not a single more significant force in Finland that would dispute the necessity of continuing this policy line."

The long list of forces hostile to the friendship policy contained in the earlier books has in the latest work shrunk to one item in which only the Arvidsson Society and the Stefanus Mission are mentioned by name. Criticism of the news media has been completely omitted: Komissarov does not complain about the gibes.

Hopefully someone will be able to convince Yuriy Komissarov and all the other Komissarovs as well that, although the dynamic evolution of Finnish society will in the course of time inevitably also reshape party political structures, this will not mean the crumbling of the foundations of the foreign policy line. The representatives of the Left and the Center, whom Komissarov announces that he trusts, can perform this patriotic missionary work in the most credible fashion.

#### Solution to the Puzzle

On the whole, the view of Finland's political situation given in Komissarov's book is a favorable one. The polemical tone and change-seeking spirit of the earlier books are lacking in it. Of course, he presents views in it which few Finns could agree with, but one can clearly see that the author has made an effort to avoid claims or expressions that might irritate Finnish readers. His appraisal of the international significance of Finland's independent foreign policy is downright flattering.

So, as a solution to the crossword puzzle, we get the fact that Finnish-Soviet relations are on a good basis and that the Soviet Union is not trying to change them.

Many factors have obviously influenced the creation of this favorable situation. One of them is certainly the stabilization of Finland's domestic situation. The mutual familiarity with one another created by cooperation between the two countries has also increased over the years and removed misconceptions.

Time is generally also an important factor in changes in the relations between nations. Since a quarter of a century has gone by since the traumatic crises in our relations with the Soviet Union, the troubled times and the diplomatic notes, their importance is now only historical.

Finnish-Soviet relations must naturally be regarded as part of the European situation. Despite the tension between the superpowers, the basic structure of East-West relations in Europe has proven to be a stable one. And Finland has — as Komissarov asserts — "acquired its own niche in the configuration of international relations of our time."

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POLITICAL

FRANCE

PCF PAPER CONSIDERS 'CRISIS' IN FRENCH SOCIETY

PM021405 Paris L'HUMANITE in French 27 Apr 85 p 1

[Claude Cabanes editorial: "Four Years On"]

[Text] "Only those who fight win," Saint-Just repeatedly said. Francois Mitterrand and the PS have lost the battle for change: They did not fight. This is the verdict given by the facts -- and nothing but the facts -- as we have assembled them in our paper in the form of a record of the past four years.

It is a cruel picture for the government members: It is painful for the country and those living and working in it; and it is full of new threats for the future. One shudders to read the latest official accounts which show that the level of investment has not been so low since 1955 and the fall in purchasing power has not been so extensive for 35 years!

But, unfortunately, the picture is a consistent one: from one sphere to another -- employment, education, the stock exchange, the budget, profits, repression at enterprises, cohabitation [a reference to the possibility of a left-wing president coexisting with a right-wing parliament], international relations, star wars, moral values, and so forth -- it expresses a real general line of abandonment. Abandonment of what the Left has always represented; of the faithful promises made and approved in 1981; and of the immense hope which spread through the nation. No new page of history is ever written passively: The ruling party, its president, its government, and its parliamentary majority have gradually given in to national and international pressure from the forces of money and privilege. Today, with a few subtle distinctions, they all have the same analyses and make the same efforts and plans for administering the crisis as effectively as possible for capitalism's benefit.

So much so that political debate has become completely futile and is taking the form of completely pointless mental gymnastics. Indeed, what is the point of discussing the respective drawbacks of the Right or the PS if the country is to suffer the same fate -- the crisis? What point is there in endlessly speculating on the scenarios of a right-wing government, a socialist government, or a government of the two mixed, if austerity, unemployment, and poverty are the only things on the menu for the guests, in other words the French people?

Indeed it seems to us that there is a better way and it must be admitted that the Communists are not the kind of people to waste their time contemplating the picture, however disastrous it might be. Our 25th congress clarified matters.

What is happening to the country is no more inevitable than toothache or delayed trains. It can be remedied.

What is the crisis? It is a crisis in the rules of the capitalist management of society. It can therefore be remedied by changing those rules wherever they apply. For instance, the rule of the savage and archaic doctrine of financial profitability, which is bleeding the country and its enterprises. In the few places where it is overturned, production improves, employment improves, and the workers are in a better position.

What about the government's policy? It is one choice: Others are possible. The resources for that exist, as do the men to use them. It is up to them to take things in hand with determination and without delay.

What about the illusion of political alternation to implement the same policy? It can be overturned. There is no need for a political or ideological passport for all those who stand to gain to unite: There are millions of such people. But there is one condition: The only French political force which provides a completely new way out needs greater strength and influence.

The PCF is the only hope for changing things in France.

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POLITICAL

FRANCE

UKEIWE CITES PROBLEMS OF FABIUS NEW CALEDONIA PLAN

PM101435 Paris LE MONDE in French 8 May 85 p 1, 10

[Interview with Dick Ukeiwe, chairman of the territorial government of New Caledonia, by Anne Chaussebourg and Alain Rollat in Paris; date not given]

[Text] [Question] Why do you reject the whole government plan when the division of the territory into four regions which it advocates coincides with your own counterplan which, in its initial version, also proposed the creation of four regions each with an assembly elected by universal suffrage?

[Ukeiwe] In the plan which I put to the senate 24 January, the creation of regions did not threaten the territory's unity. I proposed that the territory's unity be embodied in a government whose chairman could also be elected by universal suffrage, and this territorial executive would have fully exercised powers in the territory, especially budgetary powers. The government plan, however, dispenses with the territorial executive. What point is there in having a congress grouping the regional councillors if the administration of the territory is not carried out by this congress but by the state's representative? What is more, this division is racist...

[Question] In what way is it racist?

[Ukeiwe] Because it isolates Noumea, and the Loyalty Islands, whereas the islands should instead be attached to Grande-Terre...

[Question] But you yourself proposed to form four regions, and in your first plan the Noumea region was equally isolated...

[Ukeiwe] I abandoned that division into four regions.

In my final plan, I returned to two regions precisely because I was aware of the need to avoid that and to make provision for two regions big enough to be economically viable.

[Question] In January you invited the Caledonians to the "negotiating table" and you said you were prepared to have discussions on the basis of your proposals. Since there are some areas of agreement between your proposals and the government plan, why reject all dialogue now?



[Ukeiwe] Because the government is cheating.

[Question] Are you not cheating a little too?

[Ukeiwe] Not at all! The rules of the democratic game are the republic's institutions. However, neither [Vice President of the Government Council] Tjibaou nor the government is respecting them. And we must not forget the past. Since 1982, when [Minister Delegate to the External Relations Minister for Cooperation and Development] Christian Nucci arrived in New Caledonia with the task of changing the legal majority by manufacturing an alliance between the separatists and the centrists and handing the administration of the territory over to it, we have tried in vain to persuade the government to hold territorial elections so that the legal majority could become the same as the territory's electoral majority. But it was clear even then that the government wanted to hand the administration of the territory over to the separatists. Elections were finally held in 1984: We won and we set up the territorial assembly, and began to implement the new rules imposed by the government, but that government then allowed a rebel government to be formed. And it now wants to legalize the independence desired by [High Commissioner] Pisani in the territory. Do you think we can have confidence in a government like this which is the separatists' accomplice?

[Question] If you did not have a personal quarrel with Mr Pisani, would you have discussions with the government? Do you think that the return to Noumea of Mr Pisani, who has a strong personality, is an insuperable obstacle?

[Ukeiwe] Not at all! Not at all! I do not regard Mr Pisani as an obstacle...It is the government plan which is dangerous. I have been accused of planning the territory's partition, but the government plan will introduce partition! It is dangerous because it suppresses the Caledonians' freedom and political rights by the return of direct administration. It is also wrong because the government is keeping decrees up to its sleeve. If the results of the next regional elections give us a majority in congress it will do what it did in 1982: It will use decrees to strip the congress of its few remaining powers.

[Question] Mr Tjibaou has made it known that he will use regional power to the full in any regions he controls. What do you think of that?

[Ukeiwe] It is proof of what I say: Although the government is no longer really talking about Mr Pisani's plan for independence with association, its objective has not changed. It has decided to administer the territory direct, to allow the separatists to do what they want without hindrance.

"We Have Nothing More To Say to Each Other"

[Question] Do you think you can oppose the government plan? Are you counting on the opposition on the mainland to try to thwart this plan?

[Ukeiwe] The government has a majority, so what do you think we can do? We can only count on ourselves, on our own forces.

[Question] It has been said that you might boycott the next regional elections. Have you made your decision?

[Ukeiwe] We have considered a boycott, but we have not yet made our decision.

[Question] The president of the republic will receive your friend Gaston Flosse, head of the government of French Polynesia, on Tuesday. Do you still want to meet with Mr Mitterrand?

[Ukeiwe] I do not think we have anything else to say to each other.

[Question] But you asked him for an audience...

[Ukeiwe] The reply came -- It was the government plan. How are we supposed to discuss things? We have been trying to have discussions with this government for four years!

[Question] If the separatists, taking advantage of regional power, make rapid progress along the path of "creeping" independence, would it be possible to reverse the situation if the parliamentary majority changed in 1986?

[Ukeiwe] If we reach that point in the future, I will be forced to die in Caledonia. We will not leave; we will die there, and the French Government will thus have completed its mission...Yes, if there is no way of surviving in the future, we will die; that will have been the French Government's wish. All that we are suffering today has been willed by the government!

"A Referendum as Soon as Possible"

[Question] Did not your territorial government cause trouble for itself with its first budget decisions by accentuating the territory's economic imbalances to the detriment of the east coast where the Melanesians are predominant?

[Ukeiwe] Not at all! I read an article in your newspaper saying that, but...

[Question] Is it true that the territory's only capital investment on the east coast in 1985 was funds for the refurbishing of the Ponerihouen social worker's apartment?

[Ukeiwe] Quite true. We also reduced the Poindimie hospital funds...

[Question] You are confirming that you reserve funds for the west coast which is already the richest...

[Ukeiwe] Not at all! We are saying that it is we who represent the people and not the others. What we have done has been done in the framework of our program, and, good heavens, the only people who can judge the decisions made by elected representatives are the voters.

[Question] Does the postponement of the referendum on self-determination until after the parliamentary elections really worry you?

[Ukeiwe] If the government wanted to behave properly it would hold the ballot on self-determination now, as quickly as possible, and that would be a thorn out of its side. Why does it want to carry round this thorn until 1987!

[Question] Why do you think it does?

[Ukeiwe] God alone knows what the president of the republic thinks...

CSO: 3519/221

POLITICAL

FRANCE

NEW CALEDONIA'S TJIBAOU EYES PROBLEMS; DISTRUSTS FABIUS PLAN

PM131535 Algiers LE MOUDJAHID in French 30 Apr 85 p 12

[Interview with Kanak Socialist National Liberation Front Chairman Jean-Marie Tjibaou by Ali Habib in Algiers; date not given]

[Text] LE MOUDJAHID: To come straight to the point, Mr Chairman, do you believe that the French socialists, or at least the current French Government, is sincere in its desire to solve the New Caledonia problem, and to satisfy the Kanak people's aspirations to independence?

J.M. Tjibaou: You know, we believe primarily in ourselves, and it must be said that the French Government is acting in accordance with our initiatives. The government is in no hurry, and I would even say that it is not interested in granting independence to the Kanaks.

People in France are not aware of our problems. Worse still, many French socialists are not informed and aware of the real situation over there.

President Mitterrand has the facts but I cannot say the same about his immediate entourage. Hence the difficulty we have in trusting people who are far from knowing the real situation in New Caledonia.

LE MOUDJAHID: But do you not make use of your visits to Paris to explain your position? Do you not think that this failure to understand and indifference are an illusion?

J.M. Tjibaou: We note that they react every time somebody is killed and there are serious problems...Aside from that they never think about it.

LE MOUDJAHID: Well, Mr Tjibaou, another plan for your country has been announced by French Premier Laurent Fabius. This plan makes provision for the postponement of the ballot on self-determination until 31 December 1987 at the latest, and a new division of the territory (into four regions). The Kanak Socialist National Liberation Front [FLNKS] has given its support through you, although this support has often been critical. Has this been done out of a desire to reduce tension or merely as a political strategy?

J.M. Tjibaou: It is not our plan. It is the French Government's plan. We accept it to the extent that it partly meets our demands, but we are distrustful because we have already experienced a similar process when the African countries gained independence. We were already on the decolonization committee, and we are now in a worse colonial situation, a situation which has deteriorated since the fifties, even with the same French politicians, the same socialists, including the man who holds supreme office. In addition the decolonization process will be adopted by the socialists. However, the socialists' term of office will probably be ended before our problem is finally solved. This prompts us to say that in fact it is we who can solve it. The majority in the assembly can change and bring us back to the status quo. After all, we do not know, because remember who granted most countries independence! No country has been granted independence by the socialists. They have the theory but it is the others who take practical steps. It is a great pity...

LE MOUDJAHID: Is regionalization a good thing for you?

J.M. Tjibaou: We asked for a division into six regions, which correspond to cultural zones. The French Government has decided on four, while adhering to a division which enables us to express ourselves. So we accept this process, while saying that it is up to us to "shake things up" to ensure that Paris takes account of our demands. The Kanak people's demand for self-determination for the Kanak people can only succeed through our action in the field. Our main task now is to work for the establishment of parallel economic structures in order to really build independence.

If the banks which are nationalized invest in these parallel structures which we establish, it will be an indication of the French socialist government's real will to solve the problem. We will then see whether theory is put into practice for once.

LE MOUDJAHID: Do you think that the situation could deteriorate further?

J.M. Tjibaou: This cannot be ruled out, because if we move clearly toward independence the leading lights in the colonial government will react, and they have the means to react in the spheres of armaments, information, and communications...

LE MOUDJAHID: So, according to you, tension can only increase as a result of action by the Caldoches, the people who are opposed to independence?

J.M. Tjibaou: Of course! You know that we have not yet seen the plan. It is, so to speak, a declaration of intent. A great deal can happen between this declaration of intent, the publication of the plan, and its implementation. Furthermore, there is still the assembly, the Council of Ministers, the actions taken by the various sides, and a great deal of bargaining, especially with a view to the 1986 parliamentary elections. We will certainly be used! At present there is a great deal of talk about



the possibility of the centrists entering government, and hence of a re-centering, and consequently there will have to be negotiations on the form the plan takes so that it will satisfy the people who will have to implement it.

LE MOUDJAHID: So, in your view the parliamentary elections will be crucial to your country's future -- let us say, a difficult test?

J.M. Tjibaou: Yes! It will be difficult. When you see the French voters' dissatisfaction with the socialists, you feel almost certain that they will not have the majority to govern alone. So, they will have to negotiate, I do not know with whom, but it will be difficult for us.

LE MOUDJAHID: Given the balance of forces, how far can the FLNKS go without risking putting itself at too much of a disadvantage?

J.M. Tjibaou: I think that the prospect of organizing parallel economic power in practical terms is perhaps the solution which is least likely to spark off violence.

LE MOUDJAHID: What support do you have at local, regional, and international levels?

J.M. Tjibaou: At the local level, of course, it is primarily the Kanaks, around 85 percent of whom are mobilized. With regard to the other populations, there are some approaches which may facilitate an objective awareness of our problems. However, this is linked with the economic crisis, which is closely interwoven with the political crisis, both having roots in the colonial situation and the lack of independence. To overcome the present situation, which is eminently destabilizing for all, we must have a political solution which embodies our demands for independence.

Nonetheless, the businessmen and traders who have no part in the Caldoches' traditional political power have nothing to gain from living in enmity with us, in seeing their business collapse because of the current explosive situation...We have evidence from some members of these business circles, such as Chinese nationals, and newly arrived Europeans who intend to "dissociate" themselves from extremist politics. That is why we are seeking tools: a newspaper or radio station through which they can express themselves, because those people are unable to express their views in any way in the media controlled by the colonial government's supporters. The Kanaks are also unable to do so of course.

At the regional level, we have the support of the Melanesian countries: Vanuatu, Papua New Guinea, and Solomon; Fiji has problems connected with the problem it has with the United States, which has just installed a naval base. Moreover, the French and North Americans are trying to bring NATO into the South Pacific, and that does not help us...We also have support from New Zealand and small islands like Western Samoa. Australia

follows the Melanesian countries. At the international level, through these countries, we obtained support from the nonaligned countries, at that movement's conference in New Delhi, chaired by Mrs Gandhi. I think that we are going to ask for our case to be studied again. Moreover, that is part of the reason for our visit to Algeria.

The countries of the Pacific forum were waiting for the French Government to give its position. That has been done. They therefore have a clearer view of things. We are asking for our problem to be submitted to the UN Decolonization committee.

We are going to work in the field to tip the law in our favor, and if we can also obtain international support for promoting our cause in the United Nations, I think we will have solved our problem in two years' time.

LE MOUDJAHID: So, are you ultimately optimistic?

J.M. Tjibaou: Oh! You know...

LE MOUDJAHID: Are you moderately optimistic or moderately pessimistic?

J.M. Tjibaou: Moderately optimistic because we can only count on ourselves and our means are limited. We now know that the French Government is strengthening its military potential in New Caledonia and consequently we must change our strategy and think of something other than mass demonstrations...

LE MOUDJAHID: Now, 30 years later, do you not think that there is a great similarity between the Algerian people's struggle and that of the Kanak people?

J.M. Tjibaou: Yes and no. Not with regard to the geographical situation, the population, methods, and traditions (for instance, you have a tradition of handling firearms which our people do not have). Yes, because we face the same colonial enemy which has learned nothing from history's lessons, which is still reacting on the basis of hackneyed and old-fashioned concepts. Right-wing or left-wing French colonialists are still French nationalist colonialists with the same concept of a hegemonist, imperial France which is the center of the world, from which everything must emanate, and to which everything must lead. So, in the eyes of the French we Kanaks are fundamentally "not good" and in their view that allows them to colonize us, it is terrible!

LE MOUDJAHID: In conclusion, are you satisfied with your visit to Algeria?

J.M. Tjibaou: We have been very touched by the welcome given by the Algerian authorities and people. People come and greet us, say nice things to us, and wish us complete success in our struggle. They do that

spotaneously and warmly. That moves us a great deal. In our talks with senior officials we have found understanding and an excellent knowledge of our case.

We came to Algeria to learn from your experience, especially with regard to the problem of the economic, political, and social spectrs of the transition.

And also (since you experience the same yoke as we have to bear at present), methods of breaking out of the colonial system was a focal point of our talks. And what we heard was better than anything we have heard so far.

CSO: 3519/222

POLITICAL

ITALY

PCI'S CERVETTI DESCRIBES NICARAGUA TRIP

PM151401 Milan L'UNITA in Italian 3 May 85 p 3

[Giorgio Oldrini report: "Conversation With Gianni Cervetti on His Return From Managua: 'This Is How They Are Trying to Stifle a "People's Independence"']

[Text] Rome--The embargo against Nicaragua decided on by Reagan is a very serious act because it is an attempt to stifle a small and poor country whose chief trading partner is still the United States, despite the fact that for decades the United States has imposed an economic, trade, and financial relationship unfavorable to Managua. But it is also very serious from a general political viewpoint because an attempt is being made to terminate the independent and original experiment of a sovereign country." Gianni Cervetti, member of the PCI Directorate and leader of the communist and allied group in the European Parliament, has just returned from a 4-day visit to Managua. He was joined on the Nicaraguan trip by leader of the socialist group in the European Parliament, German Social Democrat Rudi Arndt; Socialist deputy leader, Belgium's Ernst Glinne; secretary of the Communist group, France's Gerard Lapret; and Socialist group leader Paolo Falcone.

"There must be an immediate and clear response, and it must come first and foremost from the whole of Europe. There is already a draft EEC accord which envisages a major increase in economic aid to the Central American countries and Panama. There absolutely must not be any discrimination against Nicaragua. This would itself be a response to Reagan. Then there must be the second--this time in Europe--of a series of meetings between Europeans and Central Americans initiated last year in San Jose, Costa Rica. It must be held soon, and our government bears particular responsibility, since Italy at present holds the EEC chairmanship."

The Nicaraguan problem is now of prime importance to the entire world. Cervetti is convinced of it and says so emphatically: "It is not a crucial issue involving a very large number of matters of principle. The principle of respect of national sovereignty and independence; relations between the countries of the North and South of the world, and European-U.S. relations. Therefore, it is absolutely indispensable that Nicaragua become the subject of constant political

initiatives on the part of the European Left and the PCI in particular. A new season of struggles and mobilizations must be begun. We cannot regard the Nicaraguan issue as just another of the world's many problems."

Cervetti and the other European representatives met in Nicaragua with Vice President Sergio Ramirez; with commanders of the revolution Bayardo Arce, Sandinista National Liberation Front secretary; Carlos Nunez, parliamentary speaker; and Tomas Borge, interior minister; with Deputy Foreign Minister Victor Hugo Tinoco; and with representatives of the parliamentary opposition parties and of the Democratic Coordinating Board which boycotted the elections. They saw chairman of the episcopal conference Monsignor Pablo Vega, the liberation theology Christians of the Valcivieso Center, Italian Ambassador Lopez Celli, and the ambassadors of the EEC countries and Mexico.

"We gained the impression of a poor country at war, but with a very sharp will to defend its national independence."

During Cervetti's stay in Managua three very significant events occurred--the agreement in Mexico between the Sandinistas and representatives of the Indian "Misurasata" group who were waging guerrilla activity in the western part of the country against the government; the U.S. Congress' refusal of Reagan's request for aid to the counterrevolutionaries; and the appointment as cardinal of Monsignor Obando y Bravo, archbishop of Managua and leader of the opposition, at least so far.

"The accord reached with Misurasata," Cervetti explained, "is still only a preliminary one, but it is already a very important event. The Miskito, Rama, and Suma Indians are ending their guerrilla activities and the government has already released all prisoners and granted an amnesty to all Miskitos, Sumas, and Ramas who took up arms. The Sandinistas recognize that they seriously wronged these Indians, who constitute communities with their own cultural, religious, linguistic, and social characteristics. This is why they are negotiating with them.

"The U.S. Congress vote," Cervetti said, "was received very joyfully by the population with satisfaction by the leaders. That very day we saw Ramierez and he told us that the Nicaraguan Government would respond with measures reflecting an opening-up--a pardon and the repatriation of 100 Cuban soldiers. But they had no great illusions because they were sure that Reagan would nevertheless continue to support the guerrillas."

Monsignor Obando y Bravo was actually the leader of the opposition to the Sandinists. Now he has been appointed cardinal by Pope John Paul II. "President Ortega," Cervetti said, "immediately went to pay his respects to him, stressing what an honor it is for Nicaragua to have a cardinal, for the first time in its history. There seems to be a certain relaxation of tension between the state and the church. Perhaps partly because we gained the impression of a deep split among Catholics [sentence as published]. The hierarchy seem united but as regards the rest unity almost seems to be more the result of hierarchical imposition than of conviction."



The Sandinist leaders did not conceal the country's grave economic difficulties. "The foreign debt is about \$460 million," Cervetti explained, "in a nation with a population of under 3 million. The average income is \$900 a year and though the official exchange rate is 28 cordobas to the dollar, on the black market a dollar buys you 600 cordobas." The parliamentary opposition parties told us that if an election were to be held now the Sandinists would no longer have an absolute majority of votes. The commanders with whom we spoke admitted that they had made mistakes due to inexperience in the economic field. Of course their negative effect was heightened by the war and isolation. There are 5,000 Revolutionary Democratic Front Counterrevolutionaries in the country and a thousand belonging to Pastora's group. Nicaragua is over one-third larger than Italy but has less than 3 million inhabitants. The army has 50,000 men but has virtually no aircraft."

For over 2 years the Contadora group (Mexico, Panama, Colombia, and Venezuela) has been attempting a political solution of Central America's problems. But so far it has proved impossible to reach an accord. "The problem is that the United States has not decided on the path of negotiations--on the contrary. Thus the war goes on."

CSO: 3528/67

POLITICAL

NORWAY

# LIBERAL PARTY CONGRESS CONFIRMS TIES TO LEFT, NATO

## But Labor Party Criticized

Oslo AFTENPOSTEN in Norwegian 4 May 85 p 9

[Article by Thorleif Andreassen: "Criticism Opened Liberals National Congress--Labor Party the Loser of 1980's"]

[Text] Geilo, 3 May--Irritation over the Labor Party's reservedness toward the Liberal Party on the question of forming a governing coalition left its mark Friday on the first day of the Liberals' national congress on Geilo. Party leader Odd Einar Dorum stated it as follows: "The centrist parties have in common that there is a strength in their showing that the two large parties can work together with others if they are to be able to govern. The Conservatives have acknowledged that this has been the key for progress. But circles within the Labor Party appear to have problems with accepting the consequences of this known fact of Norwegian politics in the 1980's. The chairman of the Young Liberals, Erling Moe, called the Labor Party the loser of the 1980's."

In his opening speech, Dorum did not hide the fact that the Liberals have a difficult election ahead of them.

"This is so because the Liberals have undertaken a daring experiment. Factually and intellectually it is not daring to cooperate with the Labor Party, but we know that it is difficult--feelings-wise--for many," the Liberals' leader asserted, and continued:

"It is incomprehensible for many Liberals that the Labor Party is a party which in many ways does not know how to cooperate with others. I believe that we must investigate this attitude. The Labor Party will not cooperate with others before the voters, in the election, have given a clear message that that is necessary. What the Liberals can do is to say clearly that we want to cooperate and make clear the political issues and ideals for which we will fight."

Dorum does not believe that what he calls racial boundaries in Norway are so impenetrable that the voters do not believe that it is proper to cooperate with the Social Democrats.

The Liberal leader listed a long series of issues concerning which it is important for his party to have a breakthrough inside or outside of a governing coalition.

"The Liberals will spread their power through TV-2 being built up in a decentralized fashion, independent of NRK [Norwegian Broadcasting Corp.], and by means of having the leadership of commercial banks becoming private and not socialized; through protecting the environment for coming generations by means of guarding Saltfjellet/Svartisen; creating necessary energy through energy conservation. In this connection, Dorum said that, for example, in Oslo savings of about 15 percent of energy costs annually could be realized if one were willing to support ENOK [expansion unknown].

#### Criticism of Labor Party

The Labor Party was forced to endure several criticisms during the first day of the Liberals' national congress. The strongest criticism came from Erling Moe, the leader of the Young Liberals and the Liberals' first candidate on the parliamentary election list for South Trondelag.

"The Liberals' position on governing has been taken. It is the only one possible. But this does not mean that we are newly in love with the Social Democrats," Moe asserted, and undertook a slashing criticism of the Labor Party's politics:

#### Labor Party--The Loser

"The total lack of new thinking in the party is the most obvious weakness. 'Back to the 1930's' could be the title of the national congresses of the Labor Party and AUF [Labor Youth]. No new campaign issues were raised. Nothing suitable for the new trends, possibilities and social developments of the 1980's and 1990's. The old boys' ceremonial march played at the Labor Party's national convention. The great and new campaign issue was lowering the retirement age from 67 to 66! Such a party is required to be the loser in Norway in the 1980's."

Erling Moe raised the following questions: "Why doesn't the Labor Party dare to admit that optimism has returned to the business community? Why not admit that the limbering up of media policies has functioned positively?"

"The Labor Party is correct that the Conservatives have won the battle over these symbols and made them into issues which are important for every one of us," Moe asserted.

## NATO Membership Solidly Backed

Oslo AFTENPOSTEN in Norwegian 6 May 85 p 3

[Article by Thorleif Andreassen: "National Congress Surprises Liberals' Leaders: Conflict on Weapons Export"]

[Text] Geilo, 5 May--The national congress of the Liberal Party approved decreasing Norwegian exports of weapons and military equipment. This came as a great blow for the party leadership. The leaders were called into a directors meeting and evaluated the resolution. Member of Parliament Han Hammond Rossbach stated the following to AFTENPOSTEN: "There were many possible interpretations of the resolution which could be mistaken in relationship to our membership in NATO and regarding the strengthening of our own defenses. A clarification was necessary. The fact that this proposal of the Young Liberals was approved surprised the party leadership." The leadership chose to give the following interpretation:

"The resolution is an expression of the wish of the national congress for disarmament. Weapons production is necessary for a conventional defense as an alternative to a defense based on nuclear weapons. The development of such an alternative must be the first step for further disarmament. The need for new disarmament initiatives is increasing today. The Liberals recommend therefore a consulting national council to lead the coordination of all disarmament issues, including the matter of exporting Norwegian-produced weapons."

Rossbach believes that such a clarification was necessary. "The resolution could be interpreted as closing down the weapons industry on Kongsberg and Raufoss," he states.

### NATO

Our NATO membership came under strong criticism from individual delegates during this week's national congress.

"If we are against nuclear weapons, then we also are against NATO. It is frightening to see how our membership in the alliance restricts our foreign policy. NATO is not a tool for furthering democracy," were among the assertions made.

The national congress nonetheless voted 139 to 40 in favor of Norwegian membership in NATO.

### Environmental Party

The national congress debate was a clear documentation of the fact that the Liberal Party is an environmental party. It was recommended that the party should become a moving force in environmental policy issues.

The Young Liberals were very active at the national congress and won approval for several of their campaign issues, including a proposal for a 12-month pregnancy leave with pay.

The reforms which the national congress approved would cost about 7 billion kroner over a four-year period, according to information given. The party approved a platform plank for flexible retirement beginning at age 64, but rejected the Young Liberals' proposal for a 36-hour work week.

The Liberals would limit the present authorization for deducting interest on tax returns. The party approves an inflation indexing in the tax system and additionally, a separation of employers' personal income from capital gains income. Such a division also would provide more tax equality between employers and employees, according to the resolution.

The national congress approved an authorization of 1 billion kroner for the drought victims in Africa. Additionally, the Liberals will now evaluate instituting a social wage--a guaranteed minimum wage for people who are not in traditionally salaried work.

The Geilo national congress would establish a Norwegian TV2 independent of NRK. These transmissions should not be financed through advertisements. The party also rejected this type of financing reform for local radio and local TV.

In a statement, the Liberals approved increasing women's power in society. This should occur at the expense of reducing men's power. The national congress demands that the government retract its resolution for halting gangue operations by Sydvaranger Corporation. The party also wants a better political and economic strategy for making local districts more technologically competent.

A coalition government with the Labor Party has been a dominating theme of the national congress. Many have expressed irritation over the Labor Party's attitude toward the Liberals' marriage proposal. But many delegates have asserted the following to AFTENPOSTEN: Let us stop the nonsense. The issue of a coalition government will never become a reality. We must concentrate our efforts on stressing our policies. That is the task.

#### Liberals Have Chosen Labor

Oslo AFTENPOSTEN in Norwegian 7 May 85 p 2

[Editorial: "Liberal Party and Reality"]

[Text] The Liberal Party must excuse us, but this week's national congress was tinged with unreality. This is due not only to the magical snow landscape on Geilo. The delegates talked engagingly and in absolute seriousness about an alternative government which does not exist. For safety sake, they also spent a long time discussing which conditions the Liberals would impose for entering into negotiations in which the Labor Party has no interest.



In a short summary, the picture of the Liberals' situation looks like the following--to borrow two central formulations from the party's chairman, Odd Einar Dorum: "It is unthinkable for many Liberals that the Labor Party in many ways does not know how to cooperate with others" and "The Labor Party will not cooperate with anyone before the voters, in the election, have given a clear message that they want it to be such."

The voters must force the Labor Party into a governing coalition with the Liberals. This is an ambitious objective for a party with 2-3 percent of the voters behind it, and which, not even in its wildest fantasies, can hope for more than 5 percent in the fall election. The reality is, as we all know, that the Liberals must consider themselves lucky if the party survives the fall election with its parliamentary delegation intact.

Stripped of all talk, the Liberals' optimism is based on a secret hope that circumstances will put the party in a balance of power position. It requires a gallows humor to interpret such a circumstance as a voter demand that the Labor Party should cooperate on some policy other than that upon which the party has approached the election. But the Liberals want--as far as we understand--cooperation, not for pursuing traditional Social Democratic policies, but for promoting the Liberals' major planks. In addition, an Environmental Protection Department is preferred over a Finance Department.

Much can be said about the Liberals of today, but no one can blame the party leadership for lacking self irony. The party also has an ability to rise above small tactical considerations. This leads occasionally to the funniest resolutions at the national congress. But as concerns the major issue of the election--namely, who is to govern Norway for the next four years--there is no doubt about where the Liberals stand. We regret that the previously non-socialist party has fallen down on the wrong side of the dividing line. But it is worthy of honor to have given a clear message.

Four years ago, the choice between the Conservatives and the Labor Party constituted a choice for the Liberals between a pestilence and cholera.

Today, the Liberals have chosen--which makes Norwegian politics considerably easier. We do not doubt that Dorum is serious when he declares that the Liberal Party will not become a hangtail on the Labor Party.

But in the world of reality, the fall election choice is easy--a vote for the Liberals is a vote for a new socialistic government with Gro Harlem Brundtland as chief. The Labor Party's program provides the line of march for one of the two alternatives available to the voters.

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CSO: 3639/112

POLITICAL

NORWAY

## POLLS SHOW SETBACK FOR CONSERVATIVE PARTY, GAIN FOR WILLOCH

### Conservatives Drop 2 Points

Oslo AFTENPOSTEN in Norwegian 4 May 85 p 3

[Article by Egil Sundar: "Setback for Conservative Party: Down 2 Percent!"]

[Excerpts] Today's sensational news item on the opinion poll front is a falloff of two percentage points--from 32.6 to 30.6 percent--for the Conservative Party. This is shown by the political barometer of Gallup/NOI/AFTENPOSTEN for April. The government coalition of Conservative Party, Christian People's Party and Center Party nevertheless continues to be in the catbird seat with a total support of 46.2 percent, while the Labor Party and the Socialist Left Party have 43.5 percent altogether. Including the Progress Party, which this time makes a leap upward from 4.4 to 6.1 percent, the nonsocialist parties have a combined backing of 52.3 percent. By way of comparison, the socialist bloc--the Labor Party and the Socialist Left Party plus the Liberal Party--can record 45.8 percent. The falloff also continues for the Labor Party in the April poll.

The relatively large fluctuation in the Conservative Party's disfavor comes as a surprise to most political observers. Since January the party has been on a steady and progressive course toward the "old heights," and inasmuch as we are faced with a crucial government election with the Conservative Party as the leading exponent of nonsocialist policy, it would be unreasonable to assume that the prime minister's own party has additional voter potential. Despite the backslide in April, this continues to be a realistic evaluation.

The Conservative Party's lost percentage points may be related to an unfortunate presentation of the party's stand on athletics, something which in all likelihood was corrected by the Conservative Party's national convention which began the day after Gallup/NOI finished its poll for AFTENPOSTEN. Nor, of course, can one rule out the possibility that fresh and liberalistic "tones of progress" from the Progress Party's national convention in Stavanger may have influenced the doubters in the Conservative Party. But this increase is hardly of a permanent character. As the government election becomes the paramount political topic, it is easy to

Party	Storting Election	Sept.	Dec.	Feb.	March	April
	1981 (%)	1984 (%)	1984 (%)	1985 (%)	1985 (%)	1985 (%)
Labor (A)	37.1	39.3	40.8	39.4	38.7	38.2
Liberal People's (DLF)	0.6	0.0	0.5	0.8	0.2	0.5
Progress (FP)	4.5	5.1	6.6	4.9	4.4	6.1
Conservative (H)	31.8	30.3	29.0	30.8	32.6	30.6
Christian People's (KrF)	9.3	8.4	8.4	8.2	8.2	8.3
Norwegian Communist (NKP)	0.3	0.6	0.2	0.1	0.4	0.3
Radical Left (RV)	0.7	0.6	0.6	0.8	1.0	0.9
Center (S)	6.6	5.5	5.7	5.5	6.6	7.3
Socialist Left (SV)	5.0	5.5	4.7	5.0	4.5	5.3
Liberal (V)	3.9	4.4	3.2	4.4	2.7	2.3
Others	0.2	0.3	0.2	0.1	0.7	0.3
A + SV	42.1	44.8	45.5	44.4	43.2	43.5
H + KrF + S	47.7	44.2	43.1	44.5	47.4	46.2
A + SV + V	46.0	49.2	48.7	48.8	45.9	45.8
H + KrF + S + FP	52.2	49.3	49.7	49.4	51.8	52.3

The figures indicate how many would vote in a possible Storting election tomorrow, of those who in all certainty would vote. They were also asked which party they voted for in the 1981 Storting election. The differences between the individual parties' support on this question and the actual election result are taken into consideration. The results are based on interviews with 925 persons qualified to vote. The interviewing took place 10-25 April 1985. Oslo, 2 May 1985, Gallup/NOI.

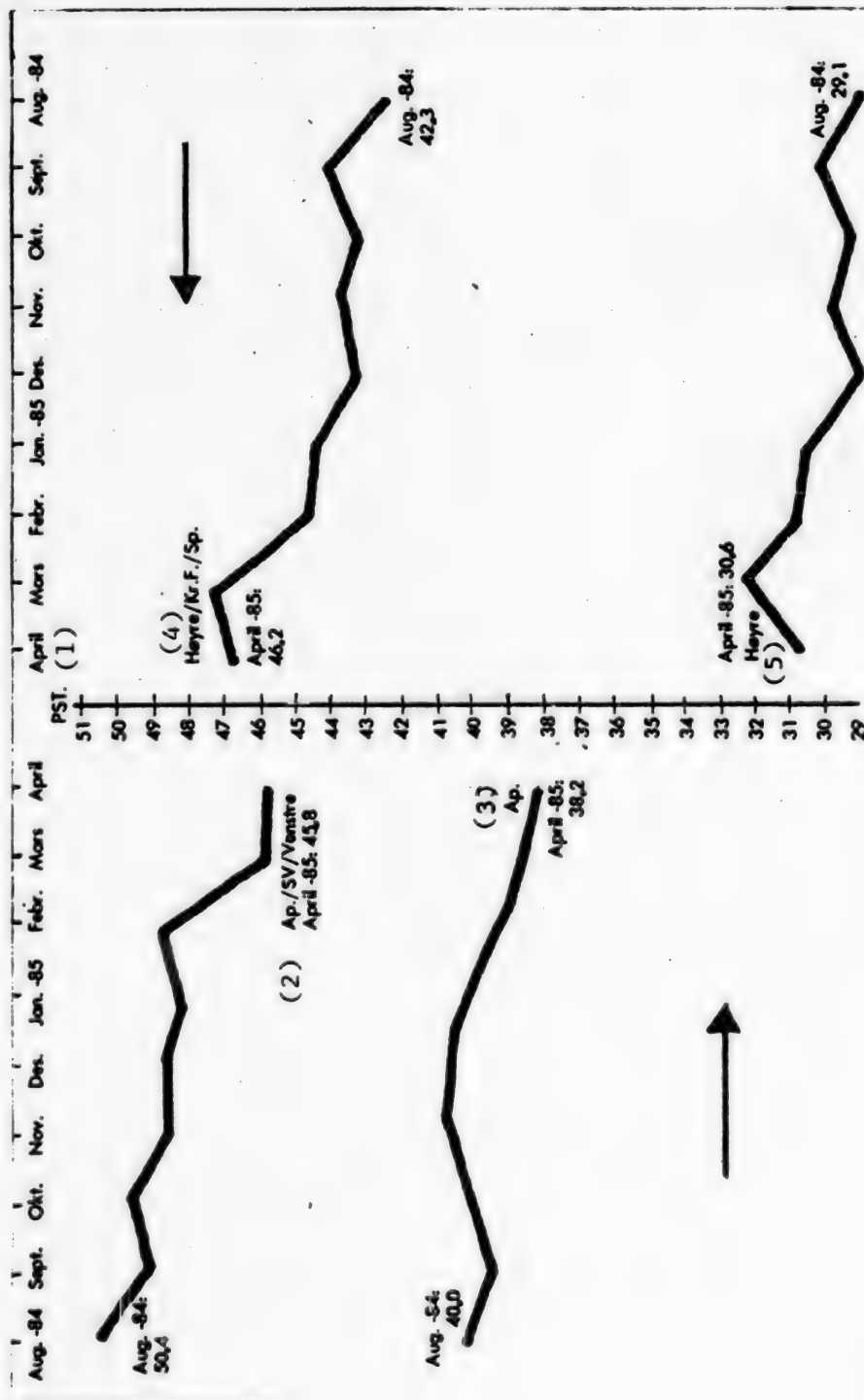
imagine that many of Carl I. Hagen's supporters will return to the party to which they philosophically belong. It is worth noting that all of 55 percent of the Progress Party voters give the Conservative Party as their alternative party.

#### A Consolation

For the coalition as a whole, it is presumably a consolation that both the Christian People's Party and the Center Party are strengthening their positions. According to the April poll, the latter party has the support of 7.3 percent, which is the same as in the local and county board elections 2 years ago and 0.7 percent higher than the Storting election result of 1981. This time the Christian People's Party can record 8.3 percent as opposed to 8.2 percent last time, while Norwegian Market Data's poll for March/April indicated a backing of 9.3 percent for Bondevik's party.

#### Labor Party Downward

On the socialist side of the dividing line, a Labor Party decline can be noted for the 5th month in a row. The recording was 38.2 in April, half a percentage point lower than in the previous month.



Key:

- (1) Percentage
- (2) Labor Party/Socialist Left Party/Liberal Party
- (3) Labor Party
- (4) Conservative Party/Christian People's Party/Center Party
- (5) Conservative Party

According to Gallup/NOI, it is a matter of relatively small fluctuation from month to month, but the trend is clear. During the last half-year, the Labor Party has reaped no profits whatsoever from its massive campaign against the Government, which merely confirms that mudslinging defeats its own purpose. The party is losing ground all the time. The big question in political circles is: what will it really take for Gro Harlem Brundtland & Company to be able to turn the tide in the Labor Party's favor?

#### Liberal Party: 2.3 Percent

The total picture is not changed by the fact that the Socialist Left Party advanced eight-tenths of a percentage point to 5.3 percent, since the Liberal Party--the third in the socialist alliance--recedes further and now has the support of 2.3 percent. The Liberal Party's national convention in Geilo during the last few days may be the last with Storting representation for quite a while to come.

#### Nonsocialist Trend

The conclusion we can draw from today's opinion poll is that the tendency continues to point in the direction of an election victory for the nonsocialists. Support for the nonsocialist parties altogether (52.3 percent) is greater than in the Storting election of 1981. But the government in power should not feel too secure.

As so often before, the election winds can change direction, and then the margins can be eaten up quickly. An election victory this autumn presupposes the mobilization of all reserves.

#### Willoch Favorite With Voters

Oslo AFTENPOSTEN in Norwegian 3 May 85 p 3

[Article by Terje Svabo: "Willoch Clearly on Top"]

[Text] Not surprisingly, Prime Minister Kare Willoch can enter the election campaign in the assurance that both the voters in general and the Conservatives in particular feel that he is doing a good job as prime minister. The Gallup/NOI/AFTENPOSTEN poll from March indicates that 63 percent of all those asked think Willoch does his job well, while a solid 95 percent of the Conservative voters are of the same opinion. Of the middle parties' cabinet ministers, it is Minister of Church and Education Kjell Magne Bondevik who gets the best grades.

Those who took part in the study were asked to give their opinion of whether the individual member of the Government is doing a good or poor job as cabinet minister. The poll has to be pleasant reading for Prime Minister Kare Willoch.



## Progress

A year ago, 50 percent of those questioned thought that Willoch conducted himself well as prime minister. In December of last year, 57 percent were satisfied, and the figures show that 63 percent of the voters were pleased in March of this year.

Minister of Foreign Affairs Sverre Strøm must note that only 38 percent of those asked are satisfied with his effort. It is perhaps a small consolation that in any case 64 percent of the Conservative voters approve the contribution of the foreign affairs minister.

During the Conservative Party's national convention, Minister of Finance Rolf Presthus was interrupted by applause when he gave an account of the country's economic status, and this is not so remarkable when one considers that 84 percent of the Conservative voters are content with Presthus. For the voters in general, it is 53 percent.

Municipal Affairs Minister Arne Rørtved advances from the December poll among voters in general but loses ground among Conservatives. The percentages are now 51 and 74, respectively. Minister of Culture Lars Roar Langslet gets a passing grade from 53 percent of all voters and no doubt must be pleased with the fact that 75 percent of the Conservative voters say they are satisfied.

Social Affairs Minister Leif Arne Heløe is approved by 41 percent of the voters and 65 percent of the Conservative voters. The situation is worse for Minister of Fisheries Thor Listau. Only exactly half of his own fellow party members are satisfied, and 35 percent of all the voters believe he does a good job.

Minister of Industry Jan P. Syse--the one with least seniority in the Government--gets good grades from 40 percent of the voters and 62 percent of the Conservatives. Defense Minister Anders C. Sjøstad's figures are 53 and 75 percent, respectively, and those of Minister of Consumer Affairs Astrid Gjørtsen 53 and 68 percent.

Minister of Justice Mona Røkke continues to stand strong, according to this poll. Seventy-nine percent of the Conservative voters are pleased, 55 percent of all voters. There is, however, reason to point out that the poll was taken before the hullabaloo over the pornography law and her defeat on wiretapping at the Conservative Party's national convention.

The cabinet ministers from the Christian People's Party might have wished for higher figures. Kjell Magne Bondevik leads the way: 54 percent of all those asked are quite pleased, 87 percent of his fellow party members. The percentages are 40 and 72 for Oil and Energy Minister Kåre Kristiansen, 34 and 63 for Minister of Developmental Aid Reidun Brusletten, 35 and 59 for Minister of Trade and Commerce Asbjørn Haugstvedt.

Minister of Transport and Communications Johan J. Jakobsen does the best among the Center Party's cabinet ministers. Fifty-one percent of the voters are satisfied, 72 percent of his fellow party members. For Minister of Agriculture Finn T. Isaksen the figures are 32 and 55, respectively, while those for Minister of Environmental Affairs Rakel Surlien are 38 and 43.

POLITICAL

NORWAY

# ELECTIONS ANALYST SEES INCREASED SUPPORT FOR PROGRESSIVES

Oslo AFTENPOSTEN in Norwegian 6 May 85 p 3

[Article by Bjorn Talen: "Valen: Normal Gallup Differences of Opinion"]

[Text] The outlook for several of the parties is more unclear when one compares the results for April from NOI and MMI [public opinion polls]. But the differences of opinion are not greater than one would expect. It would be a miracle if the polls were identical when one takes into consideration the statistical sources of error," states professor Henry Valen after Saturday's party barometers from Gallup/NOI (AFTENPOSTEN) and MMI (DAGBLADET).

The two institutes presented conflicting trends for the two largest parties. The Conservatives suffered a clear setback with NOI, but an advance according to the MMI measurement. NOI showed a slight decline for the Labor Party which, in contrast, made a little advance according to MMI. But both institutes give the Labor Party a support of around 38 percent. For the Center Party, the measurements showed both dissimilar levels and trends. In contrast, support for the Christian Democratic Party is nearly identical according to both measurements, and both NOI and MMI show an advance for the Progress Party and a decline for the Liberals.

"Viewed overall, the two measurements are not so different from each other, and as far as concerns the major issue of strength between the alternative coalitions, the institutes are completely in agreement. The blocs are so similar that anything can happen. The possibilities will be decided by electoral pacts and it will be very interesting to see whether some electoral pacts occur between some of the opposition parties," Henry Valen states.

[Question] "Can anything be said based on previous experience concerning whether it is the government or the opposition which is benefitting the most from the election campaign?"

[Answer] "No, there is no fixed pattern. Traditionally, the Labor Party has profitted by reason of its solid organization and strong election apparatus. But that is no fast rule.

"The only thing which is certain is that the Progress Party normally does better in an election than in an opinion poll. The party has no press and a weak organization. In an election campaign, Carl I. Hagen unfolds himself and up to now that has worked positively for the party."

Valen believes in contrast that things are moving toward a bad election for the Liberals. But the declaration of support for the Labor Party is hardly the reason. It is easy to figure out that many of the older Liberal voters are disappointed over the side election. But there have been large defections from the Liberals' voter groups in recent years and the majority of the Liberal voters now are younger people.

"More important are the bad times for the green [environmental] alternative. The Liberals have not succeeded in projecting themselves as an alternative in the gap between the Conservatives and the Labor Party," professor Valen states.

12578

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POLITICAL

SWEDEN

# CONSERVATIVES' CAMPAIGN VIEWED IN LIGHT OF POLL RESULT

Stockholm SVENSKA DAGBLADET in Swedish 30 Apr 85 p 4

[Commentary by Mats Svegfors: "Three-Party Coalition at any Price?"]

[Text] Political parties live in the present. They react to events of the day and are influenced to a great degree by the mood of the moment.

A single public opinion poll showing progress for a party lifts the party's leadership to the heights of happiness. And a setback of just a few percentage points can spread the deepest gloom.

The result is that great importance is attached to specific actions and to episodes having the lifespan of a mayfly. Within the parties, there is the more or less openly expressed notion that individual voters attach the same importance to the day's political news that the parties themselves do.

But the ordinary voter naturally does not have the same interest in politics that actors on the political stage do.

The voter does not pounce on the political news in the morning newspaper to decide which party he should support on that particular day.

While party officials assess politics in short "waves," voter opinion is formed in considerably longer waves.

Naturally, this does not mean that political events of the day are unimportant. Politics as a whole is in fact the sum of all those separate daily events--there is nothing else for the voter to go on. But the voter bases his opinions more on projections of the overall picture than on the details dominating the picture at a given point in time.

The voter's attitude toward the political parties also develops in the interplay between reality and the way in which the parties react to that reality.

The Center Party grew strong in the early 1970's because it was demanding decentralization and a more ecology-oriented policy. But another--and equally important--reason was that the material well-being of the boom years had shown its reverse side in the form of centralization and overstructuring.

After a great many years of uninterrupted economic growth, good economic development was being taken more or less for granted. Political attention was being directed at demands that were not purely material.

The Center Party was ready: it was the party with the right policy at the right time.

The Conservatives have taken over the Center Party's role as the dominant non-socialist party. As we pointed out in our main editorial last Sunday, that change has its roots in what happened during the years of nonsocialist government, when confidence in the middle-party alternative in Swedish politics was gradually undermined. Middle-party politics improved neither the country's nor the citizen's economic situation.

The voters abandoned middle-party politics first, and they were followed by the Liberal Party. Bengt Westerberg now rejects the use of the very expression "middle-party politics."

All that remains of the middle-party bloc in Swedish politics is the Center Party, with approximately 10 percent of the voters.

Does this mean that the Conservatives are now the party with the right policy at the right time?

The starting point for the Conservatives is that the Social Democratic policy of high taxes and intervention is undermining the conditions for well-being. The party is convinced of that, regardless of how the situation develops for the Social Democratic government. The same is probably true of the approximately 25 percent of the voters whose sympathies are currently rather firmly anchored in the Conservative Party.

But the Conservatives will probably not see a really significant influx of new voter groups until the Conservative view of Social Democratic policy spreads. And that will happen primarily as a result of making the facts known.

But as we said above, the voter's picture of reality is not changed by isolated events. It is not enough for Kjell-Olof Feldt to present joyful estimates in the supplementary budget bill and then to be criticized for it by economists and business periodicals.

The waves of voter opinion are considerably longer than that. A long period of concordant signs that the Social Democratic "third way" policy is a blind alley is needed before the time is right for Conservative policy to make its appearance.

When that time comes, new voters will flock to the party. And there will also be grounds for wider acceptance of the alternative policy for which the Conservatives stand: that policy may then appear legitimate even to groups of citizens other than those supporting the Conservatives.



In this picture we have just painted--in which voter opinion travels in long waves, and it therefore takes a long time before the conditions are created for a different policy--it is not necessarily the case that it takes just as long for a party working in the same direction as the time wave to come to power.

Short time waves also play a secondary role. After an evenly divided election, the nonsocialist parties may very well come to power as a result of having handled current politics better.

That may create a dilemma for the Conservatives, because they will then be running the risk of backing a policy that has not yet won the voter support required for pursuing it at full speed.

Specifically, this means that to some extent the Liberal Party and above all the Center Party will not be at all prepared to cooperate in carrying out the vigorous change in policy being sought by the Conservatives. The necessary acceptance of that change in policy even outside the Conservative Party will presumably also fall away, and at that point, legitimacy will be challenged.

In that situation, strict logic requires that the Conservatives themselves question whether a three-party coalition should in fact be formed at any price.

At the same time, Conservative voters, like nonsocialist voters in general, are crystal clear in assigning priority to a three-party coalition government.

And therein lies, no doubt, the specific trap in the Conservative dilemma that was hinted at by the latest SIFO [Swedish Institute for Public Opinion Polls] poll. The mandate being given to the three parties by nonsocialist voters is to form a joint government. On top of that, the clear-cut mandate being given by Conservative voters to their party calls for that government to try out the rightwing alternative that is still untested in Swedish politics.

11798

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POLITICAL

SWEDEN

## COLUMNIST SEES CAMPAIGN PROBLEMS FOR SDP, NONSOCIALISTS

### Government Facing Economic Tests

Stockholm DAGENS NYHETER in Swedish 2 May 85 p 8

[Commentary by Sven Svensson: "New Problems Line Up for Social Democrats"]

[Text] The Social Democrats have begun a long-range effort to try to catch up with the head start the nonsocialists have in the opinion polls, but new political difficulties continually line up as if by conveyor belt. By August at the latest, the Socialist bloc must reach the same level as the nonsocialist parties, otherwise the race is probably over.

The opinion curve of the Social Democrats changed at the turn of the year. Feldt's budget was a hymn to his own cleverness, and the round of debates with the Conservatives went like a charm. Palme had to beat down a specter of conservatism which demanded a change in the political system.

This year's May-Day celebration turned out to be first and foremost a prayer for unity and united resistance to the assault from the right. And that may well be needed, because now new worries are at hand for the sorely tried party in power.

The three-percent inflation goal for 1985 has already proven impossible in practice, and the balance of payments is beginning to show a deficit again. Feldt says three-percent inflation, others say six percent and the really strong pessimists talk about a deficit of 20 billion in trade with foreign countries.

As a little something extra there is the threat of a civil servant strike, also the debate over food prices and perhaps the debate about the Swedish atom bomb.

It continues to be true that the Social Democrats stand and fall with the result of the wage negotiations. By taking coffee breaks at Rosenbad, the government has jeopardized all its prestige.

Therefore, a lengthy civil servant strike has significance for the outcome of the election. Should it become evident that the Social Democrats are no better at handling trade-unionism than the nonsocialists, the result will

probably be a thorough shake-up of the electorate. The entire election planning of the Social Democrats will be upset if the government is obliged to use force to end the strike.

The farmers' tractor demonstration for better food prices is probably just the beginning of a hot summer and autumn.

By midyear agriculture will be without a contract. Then there will probably be more demonstrations, and even if they perhaps do not directly affect the Social Democrats, they will in any case increase the mobilization of the nonsocialists before the election. A civil servant strike is not likely to decrease the farmers' eagerness for a fight.

The discussion about the Swedish atom bomb is probably less dangerous than the threat of a strike. Most evidence indicates that the parties have all too many bodies in the closet for the bomb to become a truly hot issue in the election campaign.

This is especially true of the Conservatives, who once wanted Sweden to buy nuclear launching devices from the United States. The Conservatives therefore cannot play the innocents in this case as they have in others. Even Gunnar Hedlund at one time was among the instigators of the Swedish atom bomb, so opponents of nuclear energy in the Center Party are presumably forced to hold back a little.

But the election is not decided by isolated events or issues. In the end, the deciding factor will be the total amount of confidence which the political parties have accumulated over a long period of time.

Therefore, the 1985 election will ultimately be a kind of popular vote on the government question. If socialists gain majority in the Parliament Palme will continue as before, if there is a nonsocialist majority, the situation will be unclear.

Ulf Adelsohn's dilemma is that on the one hand he promises a change in the political system; on the other hand this change is to be realized within a nonsocialist three-party government.

At present members of the Center Party are completely opposed to Adelsohn's extensive system changes and members of the Liberal Party are undecided, to put it mildly. Even the voters of the middle parties will have to participate in paying for the system changes of the Conservatives.

#### Conservatives' Advance Threatens Alliance

Stockholm DAGENS NYHETER in Swedish 27 Apr 85 p 8

[Commentary by Sven Svensson: "Conservative Advance Threatens Middle Parties"]

[Text] Let the Conservatives govern themselves to death on their own. That is what many chastened Center Party members who tremble at the savings

package are thinking. But a government consisting only of Conservatives is probably the least imaginable of all the different government combinations.

The primary condition for a minority government led by Adelson is a large Conservative victory in the 1985 election. Judging from the opinion polls, that is within reach.

The Conservatives received 23.6 percent in the 1982 election, a gain of 3.3 percent. An equally large gain in 1985 would be a favorable outcome and would bring the total to 27 percent.

The technical cooperation between the Center Party and the Christian Democratic Party in the election has raised electoral bar up to 49 percent if the Environmental Party remains steady at 1-2 percent.

For the purpose of gaining a nonsocialist majority in the Parliament, 27 percent means that the Center, Liberal, and Christian Democratic parties combined must receive at least 22 percent.

If the Liberal Party increases from six to eight percent, as the opinion polls indicate, 14 percent remains for the Center as compared to the 15.5 percent for the Center Party and 1.9 percent for the Christian Democratic Party in the 1982 election.

#### Compromise

After such a clear decision in favor of the Conservatives, it is obvious that the task of forming a nonsocialist government goes to Ulf Adelson. In order for Thorbjorn Falldin to be able to compete for prime minister's post, the Center and Christian Democratic parties must at least reach the outcome of the 1982 election and the Liberal Party must increase by 1-2 percent.

All three nonsocialist parties offer a new three-party government as the primary alternative. It is better to try to put together a majority government which compromises within the walls of the Cabinet Offices than it is to form a minority government which will be affected by transactions in the parliamentary committees.

First, therefore, there must be negotiations concerning a new nonsocialist three-party government with Ulf Adelson as prime minister. Only if these fail will the reserve alternative, a government of only Conservatives, be used. Bengt Westerberg refuses to hold office in a Conservative-Liberal government, and the leader of the Center Party will undoubtedly do the same in the case of a Conservative-Center government.

The failure of the three-party negotiations would mean a serious setback for the Conservatives, already intoxicated with victory. The Conservatives and the middle parties have ended right on a collision course over the economy, the savings package, the food provision policy, and Dagmar if they

are unable to sew up a new three-party government.

The failure would have to be reported openly to the voters. A condition for the survival of both Center and Liberal parties is that they be able to explain clearly and plainly why it was impossible to unite with the Conservatives concerning a new nonsocialist three-party government. Pressure from the grass roots is certainly going to be great after such a failure.

Nor does the way lie open for Ulf Adelsohn to simply weave together a Conservative government. According to the constitution, the Parliament must first vote for a candidate for prime minister. In order for a candidate to be selected, he may not be opposed by a majority of Parliament members. If the three-party negotiations fail, it will be pretty difficult for Ulf Adelsohn to pass through the eye of this needle. It is absolutely certain that the Socialist bloc will vote no; then only a few nonsocialist votes will be needed to end the race.

### Skepticism

On a few earlier occasions, the Conservatives have made tactical use of the vote for prime minister. The Conservatives in their time voted against Ullstein's Liberal Party government, and when the middle party government of Falldin-Ullstein was formed after the tax problems, Gosta Bohman demanded comprehensive guarantees before he would recognize Falldin as prime minister.

The present middle party leaders are scarcely more stupid than Gosta Bohman. When the negotiations for a three-party government have fallen apart, it will be natural to be skeptical of a Conservative minority government. Practically speaking, the Conservatives and the middle parties are on a collision course.

The voting in the Parliament will play an important role in this game. As a result of power relationships in the Parliament, the suggestion of the Conservatives, and the Social Democrats has automatically become the main alternative in the final vote.

The middle parties are therefore forced to choose between becoming a Conservative transport company or a Social Democratic support troop. Neither option will improve their own credibility. In a one-party government, it is the prime minister who in lonely majesty dissolves the Parliament and decides on a new election. If the middle parties vote with the Social Democrats on a politically important question, they must clearly and coldly calculate that Ulf Adelsohn will announce a new election.

There can be no point for the middle parties in quietly asking for favors, in any case not the Center Party. The desire for a new election usually has a direct relation to the latest election result. If, as calculations predict, the Center Party is headed for its fourth straight election defeat, the enthusiasm for a new election will probably be quite restrained.



## Emergency Solution

Thorbjorn Falldin reportedly said from his sickbed in Ramvik: "If the Conservatives become too cocky, they can govern by themselves after a nonsocialist victory."

The situation is not that simple. A Conservative minority government is theoretically conceivable, but it is the ultimate nonsocialist emergency solution.

A government of Conservatives alone is no dream wish of either Ulf Adelsohn or any of the middle party leaders. The Conservatives will always compromise with the Left in order to survive in the Parliament, and the middle parties with the Right; otherwise, the new election is as sure as guaranteed. And after the nonsocialist split has been so forcefully demonstrated, the whole story will perhaps end with the return of the Social Democrats to power sooner than expected.

12573

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POLITICAL

SWEDEN

CENTER PARTY MEMBER: APPROPRIATE TO DISCUSS FALLDIN HEIR

Stockholm DAGENS NYHETER in Swedish 9 May 85 p 3

[Op Ed Article by Gosta Hakansson]

[Text] If Falldin resigns now it is important for the Center Party to seize the chance to rejuvenate the party leadership. Let former elder statesmen in their sixties do something else. They have made their contribution. That is what Gosta Hakansson, Center politician in Malmo and former editor in chief of the party's main organ, SKANSKA DAGBLADET, says in this discussion of a successor to Center Party leader Thorbjorn Falldin.

The reports that Thorbjorn Falldin's illness is serious enough that he will be forced to resign as party leader at the next national congress in June should be regarded as adequate justification for a debate on his successor. Especially since Falldin has not flatly denied the basis for the speculations concerning his possible resignation. He has simply said that he has not said anything to the election committee about the matter. Incidentally this is the second time this year that Falldin has been absent from politics because of illness.

It is known that Thorbjorn Falldin intended to continue as party leader at least through one more election. If he resigns now it will be on the urgent advice of his doctors.

Who can succeed Falldin? It should be noted first that with one exception the old cabinet minister group in the Center Party should not come into consideration. There are two reasons for this. The first is that Karin Soder, Nils G. Asling and Anders Dahlgren are the same age as Falldin. Actually Dahlgren, at 60, is a year older.

The second reason for going outside this circle is that as cabinet ministers they have already had some jarring collisions with reality, which does not result in a high popularity rating. Their names are "worn" and the public does not expect them to be able to inspire and renew a party. All three

have already served during two government periods and can hardly have anything new to offer. The Center Party has nothing to gain from having a party leader who has such strong ties with old policies.

When it comes to Nils G. Asling he has moved so close to Conservative views on economic policy that under his leadership the party's profile would be even less distinct than it is. Asling's achievement on the Finance Committee when he committed the Center Party to such deep cuts that Falldin was forced to go out and defend a deterioration of health insurance was a great misfortune. Asling has too strong an affiliation with the Conservative-oriented economic groups initiated by SAF [Swedish Employers' Association].

Anders Dahlgren is a good stable politician but he is much too concentrated on the single issue of agriculture. His political base is small. And finally it can be noted that Karin Soder is inconceivable as party leader after she burned her bridges behind her as social affairs minister. The negative response to the proposal for a waiting period in the health insurance program is still fresh in our memories. The Center Party lost the 1982 election on that line for which Soder was responsible.

These three former cabinet ministers in Falldin's age group have too many old and unpopular items in their political baggage to attract people.

The one person in the old government circle who has a chance of succeeding as party leader is Olof Johansson. He is the exception mentioned above.

Olof Johansson is 48 years old and has 15 years of experience in parliamentary work. He is an all-round politician in the best sense of the term. He has political breadth and is also something of a visionary.

Politics today is characterized far too much by technology and bureaucracy. The long-range goals of how people will live and what conditions we want to offer young people are ignored. As far as the Center Party is concerned the debate on long-range goals disappeared when the party began a government cooperation with the Conservatives and the Liberals. The party was wrapped in a gray nonsocialist cloak that toned down the Center profile--if it did not wipe it out altogether. The Center Party's social orientation was swept away when Rune Gustavsson left the social affairs ministry. Karin Soder caved in to the proposals of those urging budget cuts.

Asling, Soder and Dahlgren could all be considered likely candidates for cabinet positions. And therein lies the danger for the Center Party. The risk is that they will make compromises without thinking of the party's future and profile. That would not be the case with Olof Johansson.

During the last government period he offered to leave his cabinet post to work in the field. With Johansson as leader there is less risk that the party will lose sight of its policies. Nils G. Asling has a hard time seeing the stop signs in SAF and Conservative economic policy that should be visible to a Center man.

The three "old" people mentioned here--Asiing, Soder and Dahlgren--belong to the old nonsocialist tradition while Olof Johansson stands for a "grass roots-oriented" social reform policy. In the government he was hidden away because people were afraid of his political ambition and competence. That is why he did not get his own ministry but had to work on wage and computer issues in the Budget Ministry despite the fact that even then he was the party's second vice chairman.

The fact that Johansson was held back during the periods the Center Party was part of the government means that he can now emerge fresh and ready to build up the party. His name is not "worn" and it has not been tarnished in the debate on shipyard crises or the deterioration of health insurance coverage.

Another candidate who should be mentioned is Borje Hornlund. He is 50 years old and can speak out plainly when that is necessary. He is much closer to the men and women on the assembly line than any of the old former cabinet ministers. If Johansson becomes party leader Hornlund should be first vice chairman. The second vice chairmanship should go to a woman. But a suitable candidate is hard to find in the Riksdag group. Perhaps one of the newer members? One possibility is to go outside the Riksdag circle. There are many competent women outside parliament.

If no suitable woman can be found, young lions like Par Granstedt and Per-Ola Eriksson are available. They are both competent and verbally adroit.

If Falldin does resign it is important that the Center Party seize the chance to rejuvenate the party leadership. Let former cabinet ministers in their sixties work on something else. They have made their contribution.

6578

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POLITICAL

SWEDEN

BOOK REVEALS GOVERNMENT'S CONFUSED HANDLING OF SUB AFFAIR

Stockholm SVENSKA DAGBLADET in Swedish 29 Apr 85 p 8

[Article by Claes-Goran Kjellander]

[Text] In early December 1983, SVENSKA DAGBLADET reporter Lars Christiansson published an article that was to lead to the so-called Ferm affair or, as Olof Palme called it, the SVENSKA DAGBLADET affair.

According to that article, Sweden's ambassador to the UN had met with two Soviet security politicians, Mikhail Milstein and Georgiy Arbatov, immediately after the Submarine Commission's report was published in the spring of 1983.

Most of the article was based on public material and on a taped interview with Anders Ferm.

Political Quarrel

But on one point, there was information in the article that caused a political quarrel. Christiansson had written:

"Ferm's contacts were made in New York on instructions from the prime minister.

"The message to the Soviet Union was, among other things, that the Swedish Government regarded the Submarine Commission's report as a political fact that it could not influence. Nor had the government been able to direct or influence the report's conclusions as to the nationality of the intruding submarines. The Swedish Government was willing to forget what had happened, provided that there were no more submarine intrusions."

Letter on TV

That excerpt was interpreted by Olof Palme as an accusation that the government had given a double message to the Soviet



Union--a sharp one in the official note and a more mild and deferential one in unofficial contacts.

As proof that the accusation was false, he read a letter from Anders Ferm on TV. The letter, which he had kept in his safe without entering it in the official register, was supposed to show that in his contact with Arbatov--approved by the prime minister--Ferm had upheld the official Swedish line, namely, that submarines from the Soviet Union had violated Swedish waters in Hars Bay.

In a book that will be published within the next few days, Christiansson and Fredrik Braconier present further information on the subject. SVENSKA DAGBLADET is presenting below a summary of the chapter dealing with the Ferm affair.

Sweden's ambassador to the United Nations, Anders Ferm, was sharply critical of the Submarine Commission's report. He expressed his criticism at several meetings with his colleagues during the days in April and May 1983 when he was also meeting with Georgiy Arbatov and Michail Milstein.

This is revealed in the book "Who Defends Sweden?" by SVENSKA DAGBLADET reporters Fredrik Braconier and Lars Christiansson. The book will be published in the near future.

In several instances, the authors provide direct quotations of statements made by Ferm to his colleagues inside the embassy.

The Submarine Commission's report was published on 26 April 1983. On the 27th, Anders Ferm met with Soviet Gen Michail Milstein.

At a morning meeting at the UN delegation on the 28th, Ferm criticized the commission's report. The commission, he said, had drawn exaggerated conclusions concerning the nationality of the submarines. He claimed that the commission's proof lacked substance.

#### Additional Material

On 2 May, Ambassador Ferm met with Georgiy Arbatov. The next day, in a talk with his colleagues, he again expressed doubts about the commission's conclusions, saying that he had received additional material from the Swedish Ministry of Foreign Affairs--in addition to that published--stating the commission's reasons for asserting that the submarines were Soviet.

According to the book, in which Ferm's statements to the UN delegation are quoted directly without naming their source, Ferm felt that there was no reason not to "let the Russians acquaint themselves with our secret evidence." At that point, Bror Johan Geijer, the UN delegation's military expert, reportedly explained that such openness would be highly unsuitable, in part because of the secret nature of radio intelligence.

## "In Critical Terms"

At a morning meeting at the UN delegation on 9 May, after another meeting with Milstein, Anders Ferm again brought up the submarine question. The authors write:

"At the delegation's morning meeting on 9 May, which was a Monday, Ferm discussed in critical terms the submarine hunt outside Sundsvall, which was then underway. He said he had again spoken to the prime minister on the telephone--a telephone conversation that he did not mention in his letter, which was sent to the prime minister on 25 May.

"Ferm said that the prime minister had told him there was no proof that there were Russian submarines in Sundsvall. The information was based on observations by an old pilot, and he joked about the fact that even so, Anders Thunborg had dropped a number of depth charges.

"That led to a discussion of the Submarine Commission's conclusions. Ferm was asked what he thought of them.

"Ferm answered: 'The commission's conclusions were a political fait accompli as far as the government was concerned. The nationality of the submarines had already been decided outside the government by the mass media, the public, the military, and other interested parties, and unfortunately, that was reflected in the commission's report.'"

## Discussions

Braconier and Christiansson write that between 9 and 15 May, there began to be a discussion "among well-informed officials at the Ministry of Foreign Affairs" concerning what Ferm had actually said to Arbatov and Milstein:

"The result was many worried conversations among those in the know. Their picture of the situation was clear: Ferm had made it clear to Arbatov and Milstein that Sweden was willing to forget what had happened if the Soviet Union stopped its intrusions."

They also write: "It was clear to those officials that in his conversations with the Russians, Ferm had adopted a milder attitude toward the Soviet Union and the submarine intrusions than the one that was official Swedish policy.

"During June 1983, Arbatov met with Swedish Minister of Defense Anders Thunborg in Geneva and with Prime Minister Olof Palme in Holland.

"After all those contacts, Arbatov said during a speech at the Diplomatic Club in Geneva on 24 June that the Swedish Government had not been able to determine the nationality of the intruding submarines in Hars Bay and had informed the Soviet Union of that fact."

The authors advance the theory that there was a connection between the so-called Bildt affair and the Ferm affair. Their theory runs as follows:

At the meeting of the Advisory Council on Foreign Affairs on 20 May, when Conservative Party leader Ulf Adelsohn asked questions about whether the government had had unofficial contacts with representatives of the Soviet Union, Olof Palme suspected that Carl Bildt had been informed during his visit to the United States of Anders Ferm's talks with Arbatov and Milstein.

To forestall an attack on that point, he then decided to discredit Bildt and thereby diminish his credibility.

They also say they found considerable evidence that it was after that meeting by the Advisory Council on Foreign Affairs that the prime minister instructed Anders Ferm to write the letter about his contacts with Arbatov and Milstein--from which the prime minister later read excerpts on a live TV broadcast.

Not Entered in Register

The authors say that at first, the letter was not entered in the official register at the UN delegation in New York. They say it was not recorded until December 1983--after Lars Christiansson had published his article on Ferm's talks with Arbatov and Milstein.

The letter was then entered by inserting it on a blank line in the register for 25 May.

11798

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MILITARY

AUSTRIA

# NOISY DRAGEN FIGHTERS CAN EXPECT SOUR WELCOME TO BASES

Stockholm SVENSKA DAGBLADET in Swedish 30 Apr 85 p 4

[Article by Richard Swartz]

[Text] Vienna--It took the government nearly 20 years to decide to acquire new fighter planes to guard Austria's airspace, but now that the decision has finally been made in favor of the Swedish Draken, it seems that no one wants the 24 aircraft any longer.

Last month the coalition government headed by Fred Sinowatz was finally able to reach a decision in principle: Austria would buy 24 Draken aircraft from Saab. It is true that the Draken is already in air museums here and there around the world, but it was considered capable of handling the surveillance of Austrian airspace to which the country was committed as part of its armed neutrality. The Draken's advantages were that it was the cheapest alternative and came from a neutral country and that the Austrian Army's air arm (formally, the country has no air force) was experienced with Saab aircraft.

## "Too Much Noise"

But just as the government was breathing its first sigh of relief, a storm of protest--as unexpected as it was violent--broke out. It began when the governor of Styria Province, Josef Krainer, flatly rejected the planes: for "environmental reasons," his province would not accept the stationing of Draken aircraft at Zeltweg and Graz-Thalberg, which is where the Ministry for National Defense in Vienna intended to put them. It is true that Krainer is not opposed to new fighter aircraft as such. What he objects to are the Drakens, which are suddenly considered noisier and more harmful to the environment than the other planes that had been considered but rejected by the government. And Krainer quickly received support from another quarter: politicians in the provinces of Upper Austria, Lower Austria, Salzburg, and Tirol stepped forward and said that forcing them to accept the planes was out of the question.

## "St. Florian Principle"

And it makes no difference that Minister for National Defense Friedhelm Frischenschlager comes forward almost daily with assurances that the Draken is certainly no noisier than any other plane, or that what is involved is not an

environmental problem but the credibility of the country's defense. Nor does it make any difference when Chancellor Sinowatz talks about a remarkable "St. Florian principle." As is well known, St. Florian protects against fire, and according to the chancellor, the provincial governors are acting in accordance with the principle: "Dear St. Florian, don't let my house burn down; let it be my neighbor's instead."

On Monday Sinowatz said he intended to summon all of Austria's governors to a conference to confirm the fundamental unity as regards defense policy. Presumably, Sinowatz also intends to try to get them to stop shoving the 24 Draken aircraft back and forth among themselves as though they were trying to get rid of the odd card in a game of Old Maid. Frischenschlager has already hinted that the planes may be divided up among the provinces so that Styria will "not have to" take all of them. Malicious critics point out that the first five or six Draken aircraft will not reach Austria until the second half of 1987 and that they will not all be deployed until as late as 1990.

#### Pensioners' Home in Danger

But public opinion in Styria and elsewhere has been aroused, and it seems more interested in a quiet environment than in a strong defense. People around the Zeltweg and Graz-Thalberg airbases are concerned about the noise, but also about the exhaust from Draken aircraft, which is supposed to be much more injurious to health than that from other, newer aircraft. The Draken aircraft will fly 100 meters above a pensioners' home when making their landing approach, say activists, and they are threatening to occupy the airfield if the planes are stationed there. It has been calculated that the terrible noise will make it necessary to demolish about 300 buildings, including three schools and the above-mentioned pensioners' home at a total cost of 500 million schillings (about 200 million Swedish kronor).

A "Green" municipal council points out that it has been medically proven that infants suffer serious mental and physical damage from noise. "The least one can expect is that the noise from the aircraft will be distributed evenly all over Austria," says Graz Mayor Alfred Stingl. The opposition OVP [Austrian People's Party] has taken the opportunity to demand the immediate resignation of Minister for National Defense Frischenschlager, and more and more voices are being raised to demand a reversal of the decision to buy Drakens.

#### Another Retreat?

Frischenschlager steadfastly declares, however, that he is going to put his signature on the purchase contract on 21 May, but several critics say that the sorely tried Socialist-Liberal coalition government is on its way to another Hainburg: the power plant construction project on the Danube from which the government was forced to retreat while taking "time out to reconsider" as the result of a public outcry. The Greens are gaining ground everywhere in Austria, and the established parties dare do very little against a growing public opinion which threatens to revolutionize the entire traditional party landscape. At the same time, the fight over the Draken aircraft is slowly taking on a new dimension: people in all camps are now stepping forward to question whether the



planes from Sweden, which are over 20 years old, will really contribute to Austria's air defense. Would it not have been better to buy a more modern and effective fighter plane? Is it not most likely that the Drakens, which have already been scrapped in Sweden, will discredit Austria's will to defend itself?

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MILITARY

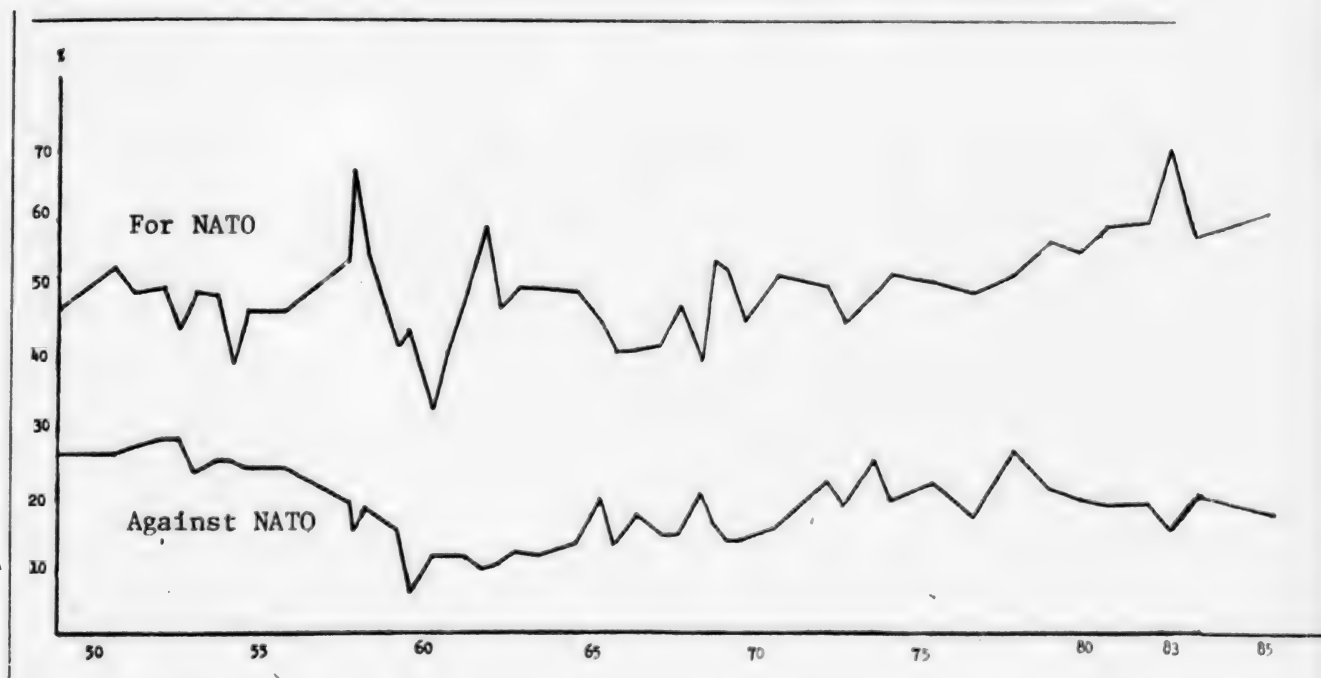
DENMARK

## POLL FINDS INCREASED SUPPORT FOR NATO MEMBERSHIP

Copenhagen BERLINGSKE TIDENDE in Danish 30 Apr 85 p 6

[Article by Asger Schultz, director, cand. polit. [graduate in political science or economics], Gallup Institute: "Increased Support for NATO"]

[Text]



Regardless of the mutual disagreements between the NATO countries and regardless of the debate concerning "Star Wars weapons," there is still, both in the long and short terms, a trend toward increased support of the security policy which is based on our NATO membership.

This comes from the latest poll the Gallup Institute took on this question. Since 1949 the institute at evenly spaced intervals has thrown light on the voters' attitude toward our NATO membership by asking a representative sample--including about 1000 respondents--the question:

"Are you for or against Denmark's taking part in the Atlantic Pact (NATO)?"

The last poll was taken in April 1985 and it showed support for NATO of 61 percent, while the number of opponents was 17 percent. This shows increased support since the last previous poll of November 1984, in which the figures were 56 percent for NATO and 19 percent against NATO.

The experiences of the many polls over almost a generation have shown that the attitude toward Denmark's membership in the Atlantic Pact is heavily susceptible to various events of political importance, but that these influences have been of a short-term nature.

It is therefore of special interest to try to see the trend in the population's attitude toward NATO over the entire period.

As an illustration of this the percentage of supporters and opponents of Danish NATO membership since the pact's creation is seen in the accompanying illustration.

The last poll confirms the long-term trend toward increased support of NATO which has been able to be observed since around 1960. From around 40-percent support at that time to around two thirds of the population now, a relative advance of 50 to 60 percent.

In the other direction, opposition to NATO increased from around 1960 up to around the end of the 70's, but since then the opposition has been decreasing to the present level, where between 15 and 20 percent are against Danish membership in NATO.

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8985

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MILITARY

DENMARK

# FURTHER DRASTIC CUTS IN FUNDING, FORCE LEVELS RUMORED

Copenhagen AKTUELT in Danish 29 Apr 85 p 7

[Article by Erik Matzen: "Top Officers Looking to Stab Folketing in Back: Army Becoming Smaller Than on 9 April 1940"]

[Text] "The army's ability to fight is being made poorer than it was on 9 April 1940, and this is being done, mind you, by a Conservative defense minister."

A source puts it this sharply after having ascertained the rumors which have for a long time circulated regarding an immense reorganization of the entire army. In the future, effort preparedness is to be managed by the navy, air force and Home Guard alone, while the army is being reduced to a mobilization unit which will be able to fight only after a period of 7 to 14 days.

A panel in the Armed Forces Command is about to put the final touches on these plans, which will remove 2350 LO [Danish Federation of Trade Unions] enlisted privates from the army and replace them with 1400 draftees. But it is the intent in the long term that as good as all 6000 to 7000 enlisted privates are to go so that the army's peace time force in the future will be based on draftees.

These plans have aroused immense resentment and unrest in the Army Enlisted Privates and Corporals Union, but also out in the regiments and country-section commands, where parts of the reorganization have been discussed.

Top officers in the Armed Forces Command dismiss the criticism by saying that these immense reorganization measures for the army are a result of the armed forces compromise and that there is political support in the Folketing.

But Social Democratic Party Defense Policy Spokesman Knud Damgaard denies this. He says that FKO's [the Armed Forces Command's] plans have never been discussed in the 11-man committee consisting of the parties to the compromise, and for this reason there can be no support.

"We Backed Out!"

"When during the compromise talks last year we heard about FKO's ideas regarding personnel reductions in the army, we immediately backed out, and at our request a panel has been appointed to study the consequences. Policywise, the 11-man committee is to first take a position on the ideas when the results of the panel's calculations are available. For this reason it surprises me that the army has already begun to anticipate FKO's plans, and that is neither here nor there."

"It has gradually been my impression that Defense Minister Hans Engell does not want to use the 11-man committee at all, and we can no longer come to terms with this. Apparently they are working on the basis of an armed forces chief's outline and a troop plan which is entirely unknown and has never been discussed in the 11-man committee. To me it looks as though the minister has become the extended arm of the FKO in the Folketing, and not of the Folketing in the FKO, such as a party to the compromise must consider most proper. For this reason we must now request that the 11-man committee be summoned as quickly as possible, not first in a few weeks, but in a very short time. We have to get a handle on some of the stalemeters, who are at the moment leaving their mark on the armed forces and are creating great unrest."

#### FKO's Motives

FKO's motives for the plans are several. In part, the army's enlisted privates, who joined LO, are gotten rid of. In part, the navy sees an opportunity to get submarines and other expensive materiel for the money which it is supposed will be freed by the army's change to draftees. It has long been incomprehensible and a thorn in the sides of non-socialist-oriented officers that enlisted privates receive an unskilled laborer's wages to live a decent life and in addition have access to a civilian education with full pay in order to help regular personnel return to the civilian job market.

#### The Consequences

The consequences of the army's reorganization into a draftees' army are many:

The possibility of a rapid effort to solve real military problems after an enemy landing is reduced considerably. This task must be coped with essentially by the Home Guard. It is perfectly true that the term of compulsory military service is being extended for certain regiments from 9 to 12 months, but the draftees will first be combat-ready just before being sent home, and there will be periods of the year in which units have less than 6 months of service.

At the moment the army's effort preparedness is being attended to by a standing force consisting of regular personnel numbering about 7000. It is trained to attend to modern equipment and trained for a rapid effort in cooperation with other units in order to ensure mobilization and the receipt of reinforcements from other NATO countries.



With this new system for the army, it will be combat-ready after 7 to 14 days at the earliest and will come to consist of soldiers who do not constitute a cohesive whole.

Sources tell AKTUELT that the Danish forces, with the supposed plan for the army, will not at all be able to hold the fort, because it largely speaking will come to depend on the Home Guard's effort, and the NATO forces will for this reason not come at all. With this the main justification for Denmark's membership in NATO disappears completely.

The Army is Being Smashed Up!

A source says:

"Where are the army's top officers in this whole game? What does Armed Forces Chief General O.K. Lind, who himself comes from the army, think? And where is the Schlüter government and its Conservative Defense Minister Hans Engell? Can they look passively at the entire army's effort preparedness being smashed?"

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MILITARY

DENMARK

# SDP SEEN READY TO RESUME SECURITY POLICY CONSENSUS

Copenhagen BERLINGSKE TIDENDE in Danish 14 May 85 p 3

[Article by Thorkild Dahl]

[Text] The special Folketing Security Policy Committee is expected to resume work soon but it will not be able to conclude its efforts to create unity before fall at the earliest.

The Social Democrats are ready to return to the bargaining table in the Folketing Security Policy Committee to resume efforts to restore the old broad agreement on Denmark's foreign and security policies, but this will not happen before one more stormy debate is held in Folketing today on the American space research program--star wars.

The government parties are very concerned by the continued stringency of the agenda under which the government must conduct foreign policy. At the same time Foreign Minister Uffe Ellemann-Jensen (Liberal) has criticized the Folketing majority in straightforward terms for imposing a policy on the government that has caused Denmark to demand with increasing frequency the inclusion of footnotes in such things as NATO communiques. The foreign minister fears this will result in a loss of Danish influence over NATO policy.

Before the first star wars debate on 26 March the government parties tried to negotiate the passage of a joint resolution with the Social Democrats but it proved impossible to reconcile the different viewpoints.

The interpellation debate is directed at Prime Minister Poul Schluter (Conservative) by the Social Democrats who along with the Radical Liberals, SF [Socialist People's Party] and VS [Left-Socialist Party] have sharply criticized the fact that Defense Minister Hans Engell (Conservative) on behalf of the government signed a NATO communique supporting the American space research program.

"Social Democrats oppose star wars programs, both the American and the Soviet kind. We thought the resolution on Denmark's attitude was extremely clear after the first star wars debate but the government claimed it was

open to interpretation. Now we intend to eliminate any uncertainty," SDP security policy spokesman Lasse Budtz told BERLINGSKE TIDENDE.

The resolution of 26 March stated that Denmark is opposed to the placing of weapons in outer space and to participation in related research and development and the Folketing majority instructed the government to work actively to promote these views.

Today the Folketing majority again consists of the Social Democrats, the Radical Liberals, SF and VS and they want to spell out Denmark's opposition to star wars weapons and to anyone conducting any research into them. This will be combined with a request that the government work to promote these views in relevant international assemblies, BERLINGSKE TIDENDE has learned.

#### Moving toward Clarity

However SF and VS want to jointly propose a resolution that would also require the government to inform NATO of the Folketing majority's position, but the two parties are prepared to join the Radical Liberals in backing the Social Democratic resolution with its milder language.

The dispute over Denmark's position on space research programs has temporarily interrupted the efforts to create a truce in the area of Danish foreign and security policies because the Social Democrats wanted to test attitudes toward the American space research program in Folketing.

"When the resolution is approved the necessary clarity will have been created and the Social Democrats will be ready to resume participation on the committee," said Lasse Budtz.

The Security Policy Committee has been appointed on a temporary basis under the chairmanship of the Conservative chairman of the Foreign Policy Board, Knud Ostergaard. Against the background of the so-called Dyvig report on Denmark's security policy situation the committee is reviewing a number of important aspects of Denmark's foreign and security policies.

After a disruption of this work that has now lasted 2 months the Security Policy Committee will not arrive at conclusions and the decisive Folketing debate before fall at the earliest.

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MILITARY

DENMARK

# ARMY REPORTS HIGH PROPORTION OF WOMEN DROPPING OUT OF SERVICE

Copenhagen BERLINGSKE TIDENDE in Danish 2 May 85 p 1

[Article by Nils Eric Boesgaard: "High Drop-Out Rate for Women in Combat Troops"]

[Text] A third of women soldiers give up and the Armed Forces Command is preparing to call up more women to carry out the experiment with female combat troops.

Twelve of the 33 women who on 1 February appeared for training in the Zealand Life Guard Regiment in Slagelse as soldiers in the combat troops have dropped out.

"Three of them could not meet the physical requirements, so we had to ask them to leave, while the others left us of their own free will," Regiment Chief Colonel R.C. Jørgensen tells BERLINGSKE TIDENDE.

In the Prince's Life Guard Regiment in Viborg there are only 10 female recruits left out of the original 17.

"This is not totally alarming in relation to what usually happens with these enlisted-private basic training courses, especially not when girls are included," the colonel says. "This in no way means that the experiment with women in the combat troops is biting the dust. It is still the plan that we--as agreed with the Equality Council--will conduct experiments with female tank crews here in Slagelse and a female infantry platoon in Vordingborg, together with corresponding female units in Jutland. In order to manage this, the Armed Forces Command has taken on several female enlisted-private trainees who later in the year will be called to train at the artillery school in Varde, in order to be distributed to the respective units from there."

But at the present there are accordingly 21 women left in the Zealand Life Guard Regiment, and Colonel Jørgensen dares not to guarantee that they will all get through the basic training. "Several of them have difficulty in meeting the running requirements and managing the obstacle course," he says; and adds, "The young women have as yet been exposed only to ordinary infantry training and have not at all experienced the more rigorous physical demands which will be placed on them the day they are transferred to, for example, the armored forces, where it will be a question of being able to change wheels or belts on a tank."

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MILITARY

DENMARK

BRIEFS

NEW CIVIL DEFENSE LEGISLATION--All municipal districts and counties must now make plans for civil preparedness in cooperation with civil defense. A number of provisions will also be made for running municipalities in an emergency. It might be impossible for a municipal council to meet in a war or when war is imminent and in that case the economic committee will run things until the municipal council is able to meet again. If the economic committee cannot meet either the mayor will take charge. The law (L. 106) goes into effect on 1 July. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 13 May 85 p 7] 6578

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MILITARY

FEDERAL REPUBLIC OF GERMANY

DEPUTY NATO CHIEF MACK SAID TO BE MISCAST IN ROLE

Hamburg DIE ZEIT in German 5 Apr 85 p 7

[Article by Nina Grunenberg: "Four Gold Stars But Nothing To Report--General Mack Represents Germany at NATO--One Year Ago He Succeeded the Maligned General Kiessling as NATO deputy supreme commander--How Does He Feel at Mons?"]

[Text] Sitting at his desk at NATO Headquarters, Hans-Joachim Mack sometimes dreams of the time 10 years ago when he put his life "to the most beautiful use." At that time he had just been promoted to brigadier general and was training young armored branch officers in Munster. As he thinks about that, his tight disciplined face relaxes and almost automatically becomes transfigured. To this day the 57-year-old soldier has a soft spot for the troops he used to chase around the parade ground, for the tanks and their diesel fumes, and for his clearly defined command.

Now that he is a deputy of the supreme commander of the Allied Armed Forces in Europe (DSACEUR), there is not much left of that. He can play soldier only with himself. Diesel fumes he can smell only if someone remembers to invite him to some exercise or other, and his present post certainly is not equipped with any power of command. In turn, Mack's uniform boasts four gold stars. At NATO military headquarters at Mons, Belgium, he is the highest ranking German.

A year has passed since he assumed his post--unexpectedly and without having longed for it. Some quarters in fact were sincerely sorry for the armored branch general, who had been regarded as the made-to-order army inspector general. But Guenter Kiessling, Mack's predecessor as NATO deputy supreme commander, had crossed him up. The circumstances surrounding his resignation and the consequent liabilities for the alliance had made it appear desirable to the career planners at Hardthoehe to send their very best to the NATO front. They did not have much choice, for at that level there is not much room for personnel planning. So Mack had to come to the rescue. At the time, having lived in Koblenz for a year, he had just got used to his post of commanding general of the III Corps.

The unfortunate affair to which Guenter Kiessling fell victim, had also caused people to talk about the post he had held at NATO. But the post of second "deputy" (the first had been reserved for the British since the time of Montgomery) was not suited to the vehemence with which the Germans now examined it

for its importance and weight within the NATO command structure and measured it against the size of their defense contribution. As an institution, it had little more to offer than the beautiful sheen of four gold stars. It is not part of the chain of command of headquarters and is neither a staff nor a field assignment. It is a post of influence ideal for a creative artist, but a hard nut to crack for a trooper who is used to the effect of military discipline and depends on it.

Success or failure in this difficult job is determined by the relationship between the deputy and Gen Bernard W. Rogers, the U.S. supreme commander. Gerd Schmueckle, the first such "deputy" in 1978, set the standard. His relationship with Alexander Haig, Rogers' predecessor, was very good also because Schmueckle was able to integrate a network of personal relations with the politicians in Bonn into his work at NATO Headquarters. None of his successors managed to come up with anything similar.

Mack's predecessor, Kiessling, had never taken root at Mons. With Rogers he had a nonrelationship. The U.S. supreme commander is a tough nut to crack, but the East Prussian Mack clearly does not allow that to irritate him. That had also played a role in his being selected for the post. In the 2 years (1981-1983) which he spent as deputy chief of staff at NATO Headquarters (not the highest but the most important post held by the Germans at Mons), Mack had got to know the U.S. general and had got along well with him. His expert and energetic manner and his, sober somewhat square style are akin to the ways of the American. While it is being vehemently denied at Mons that Rogers picked the German deputy personally, it was known that he had a high regard for Mack.

After the Kiessling affair, both were "condemned" to succeed, it is being said at Mons. Rogers had been affected by the public suspicions also raised against him in the course of the drama. The importance he attached to smoothing out matters can be judged from the way he redistributed responsibilities when Mack arrived at NATO Headquarters. He balanced the influence of his British deputy in favor of the German and made Mack responsible for nuclear weapons. Further fields of responsibility mentioned were the NATO infrastructure, chemical and electronic warfare and naval warfare within the area of command of the NATO supreme commander for Europe. Mack "advises and supports" the supreme commander in these fields but has no further responsibilities.

Hans-Joachim Mack himself has always regarded himself as an armored branch general "who, with his eyes to the front, leads a corps in combat." His troops called him "Mack." When he came to Mons, he was not a security and military policy maker in the traditional sense, but that did not bother him. To be able to fulfill his task, he need not belong to the club of "nuclear theologians." Rather, he apparently suffers from the constraint of having to make something of his task but not always being able to say exactly what it might consist of without hurting other people's feelings. This means doing minute work which no one notices and which nevertheless is supposed to be effective. "One must not give up," the general says, but chances are that he secretly wonders every morning when he comes to work: "And what do I do now?"

Hans-Joachim Mack ~~graduated from the~~ command academy in Hamburg 21 years ago with the general staff insignia on his uniform. A fellow graduate was Guenter

Altenburg, the current inspector general. If everything had gone according to plan and Kiessling were still deputy at Mons, Mack would be the inspector general of the army today. That was supposed to be the culmination of his active career. Now it appears he can be sure of a desk and a cocktail glass at Mons until he retires--as well as of the mission of making it appear that the Germans exercise some influence in the NATO command until such time as they actually do. The "deputy" is regarded as a temporary solution. What the Bundeswehr [FRG Armed Forces] aims at is the post of chief of staff at headquarters--a post which from the start has been occupied by a four-star general of the U.S. Air Force. Will Mack be able to get the Germans closer to that aim? It will require a lot of patience. General Mack bears this with composure.

To save his soldier's soul, he has already invited the officers of NATO Headquarters to fly with him in the summer to Munster for an exercise. He needs this because, though he has no illusions, he has feelings. These become apparent when the conversation with him turns to the subject of the peace movement and the missile debate. The confrontation, in which every "pastor or teacher tells one how to do things," has inflicted wounds on him which he does not like to display.

Above all, however, Mack's feelings become apparent when the conversation turns to his East Prussian homeland. Two portraits hang in his office--of Paul von Hindenburg and [Colmar] von der Goltz-Pascha. One wonders: Why not Count Stauffenberg? Or at least Clausewitz and Gneisenau? Why only the fighting soldiers and not any intellectuals, though Prussia certainly also had those. But this is not the way Hans-Joachim Mack thinks. The reason for his choice of portraits is as straightforward as it is striking. In the person of Hindenburg he admires the victor of the battle of Tannenberg who repulsed the Russians from East Prussia. And Van der Goltz-Pascha reminds him of the fortification of his old homeland.

Actually it was also the loss of his East Prussian homeland which aroused in him the desire to become a soldier. When he was 17 years old, he witnessed the misery of his compatriots in their flight to the west. The memory of the terrible things he saw has never left him. "Someone," he thought at the time, "surely has to protect them."

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MILITARY

FEDERAL REPUBLIC OF GERMANY

ARMY REORGANIZATION STRESSES ANTITANK ROLE, LIGHT INFANTRY

Herford KAMPFTRUPPEN/KAMPFUNTERSTUETZUNGSTRUPPEN in German Mar/Apr 85 pp 64-67

[Article by Tp: "The Army's Organization Concept Until the Year 2000"]

[Text] Opponents of the defense policies of the FRG governments, especially those opposed to the FRG's integration into NATO, have for a long time charged that NATO, and especially the Bundeswehr within it, are engaged in changing from a purely defensive strategy to a strategy of offensive warfare. As proof of this they not only point to the stationing of Pershing 2's and cruise missiles in Europe, particularly in our country, but also to such concepts as the "Rogers Plan" and "Air-Land Battle," even though it is perfectly obvious that the refinements fit into the present strategic system of preservation of peace through deterrence, using "flexible response." On the contrary, the threshold for deploying nuclear battlefield weapons is to be lowered considerably by using new conventional army weapons to fight rear echelons of the potential adversary. In the past, this mission had belonged to air force and missile units and was labeled "interdiction." There is no plan whatever to move troop units into enemy territory in case of a defense situation. But anyone who imposes upon himself the restriction of fighting enemy troops only on his own territory invites the enemy to attack.

The press office of the Federal Defense Ministry has published a three-part organizational concept of the army until the year 2000, along with the purposes and objectives to be gained thereby. In this article we will deal with Part I: "The Enhancement of the German Army's Conventional Defensive Capability Until the Year 2000."

This declaration of intentions demonstrates unequivocally that we are not dealing here with a change in strategy, but rather with an adaptation of resources to the anticipated threat, so as to be able to provide "forward defense" within the appropriate response" in the future also.

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A. The Enhancement of the German Army's Conventional Defensive Capability Until the Year 2000.

Our army is today equipped with modern equipment throughout which is comparable to that of the allies and the Warsaw Pact. As general conditions undergo changes, efforts must be made to maintain quality, fill in gaps which still exist and to make improvements in the interest of increasing the conventional defensive capability.



The essential aims of army development are the following:

- increase firepower, especially that of indirect aiming weapon systems, and the barrier effect of mines;
- not merely to modernize armored combat forces, but to develop them further in an integrated system;
- to envelop these two basic pillars of strength in an integrated entity of command and reconnaissance systems.

#### Combat Forces

An analysis of the crucial factors--threat, mission, intended organizational command, technological trends and resources--led to the draft planning proposal entitled "System Armored Combat Forces 90." Its content and essential features are the following:

- "Thinking within the System"--obsolescent weapon systems are not automatically replaced by a replacement system (replacement thinking);
- within a tight grouping of mutually supportive weapon systems the weaknesses of one element are compensated for by the strengths of others;
- a weapon system should be dedicated to one preponderant purpose (no overburdened multi-purpose weapon systems);
- a family of weapon systems with many common modules and spare parts is more cost-effective, simplifies logistics and training.

To prepare combat teams more effectively for combat conditions, armor and armored infantry should already be organically integrated in peacetime. Inclinations are toward a strengthening of the infantry portion. Army Structure 4 remains the structural basis, to be further improved and adapted.

Better than any other weapon system, the combat tank combines within itself maximum firepower, survival capability and mobility factors. For this reason it will be the nucleus of the "System Armored Combat Forces 90." Until at least the year 2000 the army will have an adequately efficient weapon system of this kind in the LEOPARD 2. It should be followed not merely by an improved version of itself; rather, the Armored Combat Vehicle 2000 should represent a technological leap into the future.

The armored personnel carrier MARDER, today's main weapon system of the armored infantry, with its three components (infantry squad, automatic cannon and MILAN antitank missile), reaches the limit of what a commander is able to control.

For this reason, it is proposed that it be broken down into two separate weapon systems:



- an infantry combat vehicle which, even though it has an automatic cannon for fire support and antiaircraft defense, has as its main mission the secure and fast movement of armored infantrymen;

- an antitank defense combat vehicle, which will replace the antitank defense capability (MILAN), but which should also make armored infantry soldiers in a defensive operation independent from support by their own tanks. This weapon system, to be equipped with a 120 mm armored gun, will reduce a possible threat from an early introduction of the future Soviet tank. It is therefore to be delivered from 1994 on to the Armored Combat Forces 90 as their first new weapon system.

A mortar combat vehicle is proposed as an individual high-angle fire element. For reasons of economy, the army will make do with merely upgrading the combat performance of its existing armored mortar.

A single weapon system is to take on the new and urgent task of anti-helicopter defense in combination with long-range antitank operations. The tank destroyer/antihelicopter defense combat vehicle (this is only a project designation; its name in daily usage will be less cumbersome) will transport a rocket system on a platform which can be elevated to 12 to 15 meters; it will be capable of attacking either type of target at a distance of 4000 to 5000 meters. The weapon system will be the centerpiece among the brigades' resources.

The light infantry will supplement the armored combat troops in operations involving built-up or wooded terrain. This force gains in significance because of its increased reconnaissance capability and the effectiveness of target-seeking munitions. This fact is being considered in the planned formation of partially activated infantry regiments in some divisions. The capability of massed concentration constitutes for the defender and numerically inferior contestant a means of reaction, but also of taking action. Air transportable combat troops are such a resource:

- 212 Antitank Helicopters 2 will decisively strengthen the army's antitank defense capability even before the activation of the Armored Combat Forces 90;

- the airborne force will quickly deliver infantry combat personnel and anti-tank weapons to active focal points. Its capabilities will be enhanced by the new WIESEL airborne weapons carrier.

#### Combat Support Troops

Greater effectiveness in the artillery support area is expected for the 1990s through munition improvements. It will thus become possible to destroy armored targets with indirectly aimed weapon systems. However, target acquisition and fire control in almost real-time are a prerequisite for this.

An appropriate mix of tube and missile weapon systems for conventional artillery remains essential; the former are more accurate and the latter produce greater area effect.

The following procurements are proposed for the next few years:

- 200 MARS artillery rocket launchers for attacking the numerically far superior Warsaw Pact artillery and the reserves and/or rear echelons. The launcher has a range of up to 45 km.
- three hundred 155-1 armored howitzers to fill the armored artillery gap in the field and territorial army brigades. They are to provide direct fire support for the combat troops.

During the planning period artillery ammunition stocks are to be doubled. This includes bomblet munition and, later on, some of them with search fuzes.

Still during the 1990s, combat drones will enhance artillery effectiveness in greater depth; they are considered to be cost-effective.

The main mission of the engineer troops will concentrate still more on barrier construction. New minelaying and mine launching systems, in conjunction with more effective antitank mines, will increase barrier effectiveness. Added to this are antitank aiming mines ("battlefield robots"), which attack armored targets independently. They are to be produced in great numbers. The army expects that greater artillery effectiveness and modern mines will provide technological improvements which will be of primary benefit to a defender.

In the air defense area, the army has two effective weapon systems in GEPARD and ROLAND, which will be improved and will have a shorter-time guidance system.

#### Command and Reconnaissance

Numerical inferiority and an attacker's opportunities for surprise and massed concentration require that forces be deployed in a flexible manner. An effective command and reconnaissance system is a prerequisite for this.

The CL289 system will be ready by 1990 and will enhance reconnaissance capability of the corps and divisions considerably (range 150 km, real-time data transmission over 75 km). In the 1990s the Reconnaissance System Target Acquisition of Small Aerial Vehicles (KZO) will become available. This will enable the army to detect reserves and rear echelons in depth, even while they are in motion.

The brigades' reconnaissance capability will shortly be improved by the radar instruments RATAC (target acquisition) and RASIT (battlefield surveillance).

By 1997 the army will receive about 45,000 new radio sets and will thus have the best radio network within NATO. The set has automatic channel selection, better frequency utilization, with high reliability and good protection against electronic warfare operations.

Using the computer-supported HEROS command system, the army will introduce modern data processing techniques at and between command posts and will

considerably shorten the time for the command process. HEROS will also constitute a data bank which will be quickly accessible to all levels of command to obtain necessary reconnaissance data.

#### Territorial Army

The weapon systems which will become available as a consequence of "System Armored Combat Forces 90" will benefit the home guard brigades of the territorial army by equipping them better for joint forces operations. In their capacity as reserves, they will then enhance the army's staying power.

Its greater share of mobilization time under Bundeswehr Structure 90 provides more essential tasks for the territorial army and increases the importance of the reservists. In the future the territorial army will consist to a lesser degree of equipment holding unit cadres; it will increasingly have to undertake training functions.

The planning studies include elements of the militia system. However, this provides for complete basic training. It is proposed that reservists be organized locally and near their homes in organizations dedicated to security, area protection and barrier duties.

#### Summary

The following are points of maximum importance for the army arising out of Bundeswehr planning for the next 15 years:

- Increased combat capability due to Antitank Helicopters 2 and MARS rocket launchers;
- adequate ammunition stocks;
- improved capabilities in command, reconnaissance and electronic warfare.

However, maximum progress is contained in the "System Armored Combat Forces 90."

By implementing this program, the German Army will remain a part of the modernly equipped NATO ground forces in the 1990s and will be in a position to fulfill its mission of preserving the peace through its demonstrable defensive capability.

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MILITARY

FINLAND

# ARMED FORCES COMMANDER VALTANEN ON CAPABILITY, RESERVES

National Defense in Balance

Helsinki UUSI SUOMI in Finnish 28 Apr 85 p 17

[Article by Ilkka Juva]

[Text] An opportunity for deliberating the organizational reform of the Armed Forces promoted by Armed Forces commander Gen Jaakko Valtanen is in the offing, one in which military and social values will be weighed in the balance. Then we will be able to read political decision-makers' attitude toward the Armed Forces from the scale of this steelyard. Since termination of the military districts and the organizing of several official positions are at odds with one another in this issue, the area of responsibility is a very harmless one for the decision-makers -- especially since there is unemployment in the country.

General Valtanen reminded us that our compulsory military service system is in itself an economic compromise. Salaried personnel are so planned that the most important units get professional soldiers. There are not enough of them for all command posts. Valtanen said that they have thus "sought to maintain the absolute minimum." In Sweden, for example, where there is in principle the same kind of system as in Finland, there are twice, even three times as many cadre. In Sweden there are enough officers on active duty to serve as company commanders, in Finland [only enough] for battalion commands.

Valtanen referred to well-founded explanations and appealed to public opinion in asserting that universal military service is "a small country's only possibility."

"Once universal military service is implemented, the goal is readiness for full mobilization. We have, however, already compromised on this. We have only been able to send our permanent defense troops out on review maneuvers. We should annually train 80,000 reservists so that we can have the troops assembled through mobilization trained in 5 years time. We are halfway to that goal. We have 350,000 men who have less than 5 years of training.

"Therefore, the nation has assumed a calculated risk in this matter. There are always calculated risks to be assumed in the defense of a small country, but our neighbor Sweden, for example, has not felt that it can take this risk," Valtanen said.



## Alternative to Unemployment

In answer to the question as to how much of an economic saving the nation gains from this "calculated risk," Valtanen did not indicate a specific amount, but he said that it was absolutely necessary to reduce the risk.

"This is a difficult thing to do since there does not seem to be the political determination to do it. The nation has opted for unemployment rather than employment in the Armed Forces," Valtanen said.

"That is why we have taken the path of organizational revision. There is no chance of freeing funds for training, but by, for example, combining military districts we can somewhat free personnel for these tasks.

"In this we also take a calculated risk in that we are looking for ways of not having a peacetime cadre for wartime troops.

"Let's take an example. The job of the military districts is to take care of the troops. When we closed down the Suolahti military district and transferred its functions to the Jyvaskyla military district, the functions of caring for the troops were also transferred. Instead of two command hierarchies, one had to take care of all this.

"As for the troops, we operate on the premise that they may retain their unit names, banners and traditions. We preserve the shell but thin it out from within."

The plan to terminate the military districts is leading to a difficult situation in which political decisionmakers are facing a choice.

In the provinces they are tightly hanging on to the military districts. General Valtanen said in response to this that they should indeed do so, but that the proper target for their complaints is the Finance Ministry and Parliament, by no means the General Staff.

General Valtanen made it clear that the Armed Forces personnel shortage and the organizational reform that has been set in motion are not interdependent. What is involved in the termination of the military districts is the need for appointments and positions that remains in tens of them. Bearing the responsibility for the Army's ability to act, the command hierarchy has, however, been led to realize that it has not gotten these appointments, while over the same period of time the government has been able to appropriate funds for 4,000 new appointments in other administrative departments from year to year.

In deciding on the future of the military districts, military and regional policy values will hang in the balance. From the standpoint of the General Staff, the situation is an interesting one: Talk about the personnel shortage has not helped, but now the chief decision-makers are being forced to give an accounting of their views on national defense even in their own election districts.



## Needless Drivers

Valtanen said that the interests of the Armed Forces and of unemployed job-seekers overlap: Those who want to work would find jobs and the jobs would find people who want to work.

"For example, every year we train thousands of recruits to be drivers, and quite needlessly so since these jobs could be handled much better by salaried personnel."

Professional soldiers and recruits could also be freed from many office, repair shop and supply room duties.

Valtanen said that the Armed Forces have gotten a lot of applicants when they have been able to announce that there are openings for these kinds of jobs.

## Quantity and Quality

The Armed Forces commander said that he was satisfied with Finns' desire for national defense. He said that people have recently more and more come to realize that national security issues are not "either-or," but "both-and" questions. Security policy is understood as an integrated whole composed of foreign policy and national defense.

The publicity civilian servicemen have received and the change in the law now under consideration do not overshadow the general's picture of the evolution of the status of national defense either.

"Throughout the whole period of independence we have had to weed out roughly 10 percent of each age group. Their number has remained the same, but the reasons for doing so have changed.

"Originally, the reasons were primarily physical ailments. Then their share of the total lessened. At the same time the study and prevention of mental illnesses became more effective so that their share of the reasons for rejecting recruits grew. The latest stage is subsequently the advent of ethical reasons.

"From the standpoint of the Armed Forces leadership, it is essential that the number of conscientious objectors does not increase because this matter is of military importance."

## Spirit of the Times

"The social significance of refusal to perform military service is another matter. Our democratic society has been strengthened and has gotten to be more and more permissive. Phenomena deviating from the general mainstream have to a certain extent received widespread attention, but public opinion has not changed."

Valtanen also reminded us that "every generation lives in accordance with the challenges of its times."

"These young people are motivated by exactly the same phenomenon as those young people were who fortified the [Karelian] Isthmus and collected scrap metal for the Army."

Valtanen said that the great emigration of the 1950's and 1960's did not shake our defense capability either, although "we did then lose a lot of military manpower." Up to now, therefore, what has been involved is a "social concern in which we have to take a stand on how far individual attitudes toward the laws that have been enacted in a democratic system should be permitted."

#### Valtanen Discusses Wartime Memories

Helsinki UUSI SUOMI in Finnish 28 Apr 85 pp 18-19

[Interview with Armed Forces commander Gen Jaakko Valtanen by Jyrki Vesikansa: "The Pressure of War Cannot Be Simulated — but Experiencing Its Atmosphere Is Decisive"; date and place not given]

[Text] Jaakko Valtanen gave this interview just before an important and memorable day.

On 27 April 1945 World War II ended for Finland. Valtanen is now the last man serving in the Armed Forces who served as an officer in the war. Quite obviously he will, generally speaking, be the last man in the Armed Forces who has participated in a war, been under fire, experienced the pressure of battle.

That memorable day was, therefore, an impressionable moment for Valtanen. From a general standpoint, but also personally. He was then one of the youngest holders of the Freedom Cross, fourth class, a wartime coastal artillery fire director, but a 20-year-old cadet during the final moments of the war in Lapland.

[Question] What personal memories does that day bring to mind?

[Answer] Our spirits were not very high. Half of the cadet class had left about the end of the year to look for civilian jobs. General uncertainty was the mark of the times... but we did not heap ashes on our heads. We thought: We'll pull through anyway, won't we?

Instead of the big nations' problems, we were more worried about starting our careers under those circumstances.

#### Civilian Life Crossed His Mind

[Question] Did going into civilian life cross your mind?

[Answer] Many times.. when cadet comrades took that path... or once, when I flunked military composition, I became a university student in March 1945. When the war reached its climax at the same time, specifically during the summer of 1945, I thought: What if I were to go into some other line of work after all?

But I'm a kind of persistent type. My obstinacy didn't give in. I decided to wait and see, at least until I finished officers training school.

[Question] Did your father's profession influence you?

[Answer] No. I don't remember ever having discussed my choice of profession with him. When I told him that I had submitted my application to officers training school... at the time I was a second lieutenant on the eastern side of the Gulf of Finland and he was a regimental commander at Sakkijarvi... he just said go ahead with it... that this is a good profession, one in which you get to have a lot to do with people.

The son of a teacher, he told me that he had also considered going into his father's profession, but felt that an officer's career was very close to that.

#### Atmosphere of the War Was His Most Important Experience

[Question] As the number of men who have been through the war decreases, the Armed Forces are more and more often being asked whether personal combat experience endows one with something unique. Turning to science, behind this there is also the question of the effect this has on Armed Forces performance.

[Answer] With respect to this, the process has occurred in stages. In the early 1960's most of the recruit instructors were still men who had had war-time experience. I remember how a captain who had been through the war revamped a daring attack exercise for young lieutenants.

Armed Forces commander K.A. Heiskanen commanded a division in the war, Sakari Simelius a regiment and Yrjo Keinonen a battalion (all of them, moreover, were in the battle described in "The Unknown Soldier"). During the war Kaarlo Leinonen led a battery section, Lauri Sutela equivalent engineer units. So now one wartime second lieutenant and a handful who were then noncoms are left.

[Question] Does one experience something in a war that cannot be taught in any school?

[Answer] What is involved is more the experience of the general atmosphere than of a few dramatic events... the experiences of being under fire, shelling, military regulations, shortages. Then I noticed that people thought, experienced and felt under those circumstances.

[Question] Isn't being under fire, however, a decisive test of a soldier's endurance under pressure? Can that in any way be simulated?

[Answer] Probably not... it's a little like trying to test your ability to endure hunger by not eating.

[Question] Some officers would probably not withstand the pressure. However, it's presumably hard to say who, isn't it?

[Answer] The first time I was under fire... I was then a very young lad at Seivasto... it wasn't a very difficult moment. At the time your instinct for self-preservation functions. I think I acted purposefully. But then I got the shakes like after an auto accident... like what was really happening?

Of course, it shakes you up when you see your comrades die.

#### Memories Unite

[Question] The memories of events experienced in the war unite people. Does the fact that the commander in chief (Mauno Koivisto), the minister of defense (Veikko Pihlajamäki) and the commander [of the Army] have all had experiences at the front influence the handling of affairs?

[Answer] Yes, it is of some importance... even though we don't talk about it... at least a little importance.

[Question] Do common experiences result in the same point of view?

[Answer] The experiencing of national and personal defenselessness has taught us to think otherwise than only at the theoretical level.

#### Young People and Risks

[Question] Do young people who have had no experiences, albeit only with military regulations, take risks too readily?

[Answer] I can say no to that. Every generation lives in its own times and resolves matters in its own way. This is a biological fact.

But if we can speak of a generation gap on some issues, we can with this one. Those of the war generation say: "If there is a war, we'll defend ourselves, as we have before." The young people say: "We'll do everything we can to see to it that there will be no war." The younger generation rejects the whole idea: Those who have gone through the war think that what was once possible may be repeated.

We assume an either-or position on many social issues, but there has to be a both-and position on security issues.

[Vesikansa] Drawing the line between the two is not, however, a simple matter. In the UUSI SUOMI Finnish Club series especially Pirkko Työlä and Harri Holkeri emphasized how those who experienced the war as children also react to things differently from those who have lived through good times only.

Valtanen's assertion about the importance of familiarity with the wartime atmosphere along with individual combat experiences stresses the same thing. So wartime experiences will live on in the Armed Forces even after the last veteran leaves. In connection with this, Valtanen also stressed the influence of trainers who have gone through the war.



## War Was a Change in Army Climate

After the war ended, an officer's career was not in fashion. An army of over half a million men and its officers and noncoms were reduced in number under peacetime circumstances. People understandably wanted to forget the war and the military. Arms concealment cases, arrests of officers and similar affairs cast their own shadow.

According to Valtanen, it was nevertheless not very difficult to launch a career. "I've always had a strong motivation to work. I got so much out of the duties of a trainer that I was overwhelmingly satisfied with my work. There was enough to do."

Many things had, however, changed in comparison with the Armed Forces of the period that preceded the wars. Valtanen had especially good opportunities for comparison — after all, he did grow up in garrisons.

[Answer] The war was also a change in the internal climate of the Armed Forces. It was different from that of the 1930's in the garrisons.

## Out with Isolation

[Question] Did they have to be more in contact with others?

[Answer] People have everlastingly been talking about the Armed Forces' isolation. For example, in my parents' home there were many officer corps receptions... they got together more within the professional corps.

After the wars the situation certainly changed very rapidly. As for me, the fact that my interests led me to consort with civilians may also have influenced this. Throughout my entire career I have perhaps had more friends outside the professional corps than inside it.

[Question] Somewhere among the documents of the 1930's it was asserted that a Finnish officer does not wear civilian clothes even during his off-duty hours — unlike the soldiers of a decadent people like, for example, the English. Was this presumably the spirit of the times?

[Answer] Yes, no doubt about it. My father was certainly an exception... when he went to a reception, he preferred to go in civilian clothes.

[Question] As a young officer, did you feel that the Armed Forces ought to increase their contacts with the rest of the society?

[Answer] My interest in this came with my interests and duties... not as a single insight, but as the result of a longer-term development.



## Contact with the Society

[Vesikansa] Valtanen got a very accurate picture of the Armed Forces' relations with the society when he served as secretary of the Persons National Defense Committee in 1960-1964. The leading young sociologists of the times — Erik Allardt, Antti Eskola and Seppo Randell — from whom Valtanen emphasizes that he learned a lot, were employed as experts. Perhaps even some sort of outright awakening.

Valtanen also prepared the famous Jollas seminar in 1964, although he could not himself participate in it because of a trip abroad. At that time he created the basis for the present relationship between the defense establishment and the rest of the society.

His activities as adjutant to the Armed Forces commander in 1960-1965 and as chief of the information section of the General Staff in 1967-1969 also afforded him perspectives on the relations between the defense establishment and the rest of the society.

## Painfully Formal

Simelius' memoirs, among others, report what distant relations the generals had with the country's top leaders, above all with the president. Relations were, to be sure, proper — different from those of the final phase of the Keinonen era — but quite formal. As we said, the situation having become acute, the commander met with the commander in chief only at official appearances and on those occasions stood — at least in spirit — at attention.

[Answer] Their relations with the commander in chief and the political decision-makers have clearly changed. I would most particularly give my predecessor, Lauri Sutela, credit for this. He gained President Urho Kekkonen's confidence and opened to him a new view of these issues. Perhaps the same applies to contacts with decision-makers on the Defense Council.

It has been easy to go on from there and there have been no problems in their relations. My official career, on the other hand, has perhaps produced more direct and better relations than average with the social establishments.

[Question] How did it feel in the 1960's to see at close hand how cool relations were?

[Answer] It certainly was a bit annoying to observe that formality.

[Question] Did the young officers talk about this among themselves?

[Answer] No... but sometimes we were criticized for having appeared in public a bit too freely. You see, we ourselves felt it necessary to participate in different activities.

## Consensus Before the Others

The handling of Armed Forces relations is at present extensive and systematic. Aside from relations with the commander in chief, the Defense Council, composed primarily of members of the government, and the Parliamentary Defense Commission, the defense committees and the national defense courses (whose director Valtanen ideologically was during the turbulent period from 1970 to 1973) are the key channels of communication.

The attention devoted to contacts has increased understanding for defense matters; consensus among the parties on the key issues was obtained even before that word in its broader sense spread through Finland.

## No Wrong Compromises

[Question] Might maintaining contacts nevertheless also produce problems? Could you be forced into making the wrong compromises for public relations or even political reasons, compromises that might jeopardize the Armed Forces' basic mission?

[Answer] Hopefully we won't have to make the wrong compromises. The Armed Forces must represent values to which citizens want to be loyal. This also applies to the officers... but they too must see to it that the most important values and norms from the standpoint of Armed Forces effectiveness are preserved.

Thus there are really only two key factors. The authority of the commander of the military organization must remain in effect so that the system can function. And military discipline and order are needed so that we will be able to function under those potentially more difficult circumstances for which we exist.

Thus we cannot go along with the democratization tendency. Subordinates may be democratized, but never the commander and his responsibility.

We must adapt to social change insofar as is possible from the standpoint of military effectiveness. I and other commanders must see to it that the elements of our functions are preserved.

## Best Commander Is a Flexible One

[Question] Then choices of officers are probably key factors. In a crisis situation a good commander is not necessarily a good public relations man. Does such a perhaps a bit stern officer have enough opportunities under peacetime circumstances?

[Answer] There are different types of leaders. The best officer is a strong leader, but nevertheless intelligent and flexible enough to be capable of adapting.

Sad to say, not everyone has these qualities. I don't believe that an officer who gets along with his subordinates or his environment can be a bad commander. Or the other way around: On the battlefield a commander must, it is true, win the confidence of his subordinates every minute; otherwise, he does not control the situation. There must be human contact.

#### Post According to Nature

[Question] Since, however, people's natures vary, can men be placed according to their duties?

[Answer] Yes. A UN battalion commander in Lebanon was recently presented in UUSI SUOMI as one example... according to the story, he was a gruff officer type who nevertheless was very successful in a difficult situation there.

The basic aim is to place the right man in the right post. Of course, sometimes we fail. Then we transfer the men... but we try to do it so that it will not damage their careers.

Troublesome character traits are generally not apparent when one is young, rather not until the age of from 40 to 50.

#### Leadership As in Business Firms

[Question] The other basic requirement the authority of the commander, is valid, of course, at company or battalion level — but where does the authority lie when, for example, the top artillery and the top infantry generals argue with one another? Isn't it like holding the same kind of meeting as in a civilian organization?

[Answer] The authority of the commander and the handling of affairs must be distinguished from one another. The leadership process on the General Staff is the same as it is in any business firm.

The leadership process in combat situations is different and we make different kinds of decisions then. Leadership is emphasized. The commander alone, who cannot say that the mission was poorly prepared for, is responsible for failure.

[Question] However, the history of the most recent wars relates that in the final analysis an awful lot of corps and army-level meetings of generals were held. To be sure, the commander in chief had the final authority to make decisions — but then, so does the general manager in a business firm.

[Answer] The higher you go, the more you have to confer with your colleagues when directing operations in the Armed Forces too.

#### Valtanen's Chief Concerns

Helsinki UUSI SUOMI in Finnish 28 Apr 85 p 19

/Article by Jyrki Vesikansa: "Big Reserve Force -- But in Part Untrained"/

/Text/ Armed Forces Commander Jaakko Valtanen has begun to remodel the Armed Forces organization away from the basic model developed in the late 1960's.

The change is not nearly as radical as it was then — nor is there behind it so much maintenance of military readiness as the need to reorganize for more efficient operation, to free resources for training.

After the wars, the Armed Forces were for a long time organized in pretty much the same way they were in the late 1930's — the difference was primarily the combining of the coastal artillery and antiaircraft batteries with the ground forces and the transformation of the infantry regiments into brigades.

In the 1960's we shifted to regional defense; each military region was responsible for all activities in its area and was not just a draft and mobilization agency. The military region is also permanently responsible for the defense of its area.

The reserves were then divided into general and local forces. The youngest age groups are assigned to the general forces, basic defense troops consisting of about 250,000 men. They have the best (most recent) training and the latest, most effective weaponry. In crisis situations they form mobile shock troops, chiefly brigades.

The remainder of the reserves, reported to consist of as much as 700,000 men, is divided into the remainder of the general forces and the local forces, which safeguard their own immediate districts. Their weaponry is often inherited from World War II — but is, nevertheless, operational. Even in the superpowers they have to resort to old equipment inventories. And in Finland the armed, trained reserve force is one of the largest in Europe and even in the world. For that matter, the United States never sent as many troops to Vietnam as Finland is capable of mobilizing. And a much bigger percentage of their men are in supply and service echelons in the American forces than is the case in Finland.

#### Command Echelons Eliminated

The first problem in connection with Valtanen's reforms is the enlistment of instructors by eliminating military districts. This would probably not particularly interfere with peacetime administration — but in the event of a crisis situation it would eliminate ready-made command echelons.

The commander is trying to obtain more furloughs for the Armed Forces so that the elimination of military districts may be avoided. At the same time, of course, jobs important to the local economy would be reserved.

#### Level Varies

Another problem area is the military reserve level. Basic defense troops may be called up more and more often for review exercises. Their several battalions



have probably already been formed in the constitution of forces in time of crisis, with men and commanders at the right locations.

They have not, on the other hand, been able to provide the other troops with review exercises. With more extensive training of the basic defense troops, more men will certainly gradually be transferred to the other troops, men who have received training after their basic training period as well. At the present time there are still many among us who have never fired an assault rifle, but we can perhaps still take apart and put together a Maxim machine gun.

The biggest problem, however, involves reserve officers and noncoms. In Sweden there are so many more active-duty officers and noncoms in the Armed Forces that, when they mobilize, they even get company commanders from among those who have attended officers training school or have had at least a year's special extended service experience.

Here in Finland there are only enough active-duty officers and noncoms — as was the case during the mobilizations for the Winter and Continuation Wars — to provide battalion commanders and for certain equivalent key functions. Company commanders, on the other hand, are largely taken from the reserves.

Good Experience, But...

Reserve units have proven themselves to be particularly good during military exercises. Age produces maturity in comparison with recruit units, although they may be in poorer physical shape and the trousers they get from the supply room too tight around the waist.

Offhand, they will experience problems, however, if a 35-to-40-year-old reserve lieutenant has to lead — cold — a company of well over 100 men, recalling lessons learned years, perhaps decades before. How would he by himself get the company to advance in the dark in open formation like a platform spread out over an area of over 10 hectares?

Valtanen is clearly occupied with ways to increase the volume of review exercises and extend them beyond the basic defense troops. An American officer has indeed already questioned the importance of Finland and Sweden's reserves. Although we could in reply raise questions about the United States' own reserves, the credibility of our defense capability is also in this respect one of the central issues of our security policy.

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MILITARY

FINLAND

PAPER HOPES DOOR LEFT OPEN TO CHANGE DEFENSE PANEL ROLE

Helsinki UUSI SUOMI in Finnish 24 Apr 85 p 2

[Editorial: "Defense Committees to Be Laid to Rest?"]

[Text] The controversy over the appointment of a parliamentary defense committee engaged in among the government parties just before last Christmas was resolved last week by a somewhat peculiar compromise: Instead of a committee, a commission, which is actually a committee, was appointed.

Last Fall Defense Minister Veikko Pihlajamäki began to make arrangements for a fourth defense committee to continue the work of its three predecessors. They wanted to keep the new committee smaller in terms of both number of members and mandate. They did not, for example, at this time want disputes over interpretation of the Friendship, Cooperation and Mutual Assistance Pact any more than they did over the consideration of strategies against cruise missiles, which the Communists in particular have been demanding.

Especially the Social Democrats were against the appointment of a committee. In their opinion, security policy, which is included in the president's duties, should not be shaped at committee level.

In other quarters too people asked whether there was any real work for the prestigious committee to do. The previous committees had established the basic policy lines for a long time to come. It was noted that the power of the committees should not be weakened with the handling of trivial affairs and second-rate matters.

The compromise that has now been made is somewhat special in nature. The Council of State has appointed a "Parliamentary Defense Policy Planning Commission," although the ministry normally appoints commissions. They nevertheless wanted to decide on the matter in the Council of State because of its far-reaching nature. They evidently, however, wanted to appoint the body as a commission so that a clear distinction would be preserved between it and any former kinds of defense committees.

Appointed in a spirit of experimentation for the remainder of the present session of Parliament, the commission has been compared to the different kinds of bodies

that submit reports to the Foreign Ministry. Thus the Defense Commission will be required to submit its reports on Armed Forces development plans and, if necessary, on other matters pertaining to the different national defense sectors as well.

Since the commission is thus likened to those organs that serve to aid the Foreign Ministry, they probably intend to make it a permanent body that conforms to their ideals after the probationary period is over. In practice the existence of such a commission may mean that the parliamentary defense committees will be laid to rest.

To come to any conclusions, it is essential to know in what spirit and for what purpose the decision was made. There is probably at present no great need for a top-level parliamentary committee. On the other hand, they have proven themselves to be very useful in structuring programs for our security policy over long periods of time.

We should, therefore, leave the possibility of returning to a committee based on a more reliable model when sufficient need for one arises. At least the solution must not be interpreted as a new attempt to isolate the opposition. Since the composition of the government has shown itself to be very stable in Finland, the parliamentary committee system is a good way of attracting all factions to participate in the drafting of proposals pertaining to our key issues.

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12 June 1985

MILITARY

FINLAND

**SORSA LEADS DELEGATION VISITING USSR MISSILE CRASH SITE**

Helsinki HELSINGIN SANOMAT in Finnish 1 May 85 p 9

[Text] The Defense Council headed by Prime Minister Kalevi Sorsa familiarized itself with Lapland defense installations at Rovaniemi, Sodankyla and Rovajarvi on Monday and Tuesday. Sorsa and the other ministers were, among other things, shown how cruise missiles are observed and warded off in northernmost Lapland. Real cruise missiles did not fly through the air; rather what was involved was a simulated exercise at Rovaniemi, from which city Lapland's air defense is controlled.

In connection with this, the Defense Council was also informed about the missile incident at Inari at the end of last year.

At Sodankyla the Defense Council was shown the light infantry brigade's new weaponry, equipment and special equipment, for the procurement of which the government has reached decisions these past few years. On the firing range at Rovajarvi the ministers had an opportunity to observe a fighter-plane rocket attack and what kind of effect the new antitank missiles procured by Finland produce. The fire power of all artillery and infantry weapons was also demonstrated.

The purpose of the trip, the Defense Council reported on Tuesday, was to review Lapland defense problems and defense dispositions in different kinds of situations involving a threat of war as well as to have the new equipment procured for the Armed Forces shown to them.

In addition to Sorsa, Defense Minister Veikko Pihlajamaki, Finance Minister Ahti Pekkala, Tax Minister Pekka Vennamo and Interior Minister Kaisa Raatikainen participated in the trip to Lapland as well as Sakari T. Lehto, the chairman of the Defense Economy Planning Committee, Secretary of State Teemu Hiltunen, Armed Forces Commander Jaakko Valtanen, Chief of General Staff Jan Klenberg, department head Aimo Pajunen and the Defense Council secretariat.

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MILITARY

FINLAND

# VALMET DECIDES TO CONTINUE TURBO TRAINER DESPITE CRASH

Helsinki HELSINGIN SANOMAT in Finnish 1 May 85 p 21

[Article by Jyri Raivio]

[Text] New prototype in place of plane involved in accident.

The accident that occurred at Kuorevesi last Wednesday has not meant the end of Valmet's [state metal industry company] own latest L80TP Turbovinha aircraft project. On the eve of May Day Valmet's top management decided that the aircraft project will be continued and that at least one new prototype will be built.

At Valmet's Kuorevesi plant they are now calculating the effects of the accident on Turbovinha project costs and the timetable. The director of the company's defense equipment group, Heikki Mantyla, however, estimates that the second Turbovinha prototype will be ready to fly by the summer of next year. The goal is approval of the prototype by the summer of 1987. If they stick to that deadline, the accident will have set the project back by a little less than a year.

Mantyla was not yet about to guess the effects on costs. Nevertheless, it cost about 13 million markkas to build the first prototype, which was destroyed in the accident, and the second prototype will be "considerably cheaper."

According to Mantyla, a third prototype is also still under consideration. If it is built, the reinforced plastic technique that has constituted a focal point in Valmet's aircraft industry through the link with the American Avtek, will probably be applied in its construction.

At the light construction technology laboratory of the Helsinki Institute of Technology they have already built a half of a carbon-fiber Turbovinha wing, but it is only intended for their own strength tests. For them Valmet has also built an especially strong prototype which has not, however, been rigged out for flying, not even in the situation following the accident.

## Valmet Leaves for the Paris Show

The accident has not canceled Valmet's plans to participate in the Paris air show during the first week of June. Nothing will really, of course, come of the Turbovinha exhibition flights planned as the highpoint of the Finnish presentation.

Valmet is leaving for Paris with its own exhibition section, in which they will present both the Turbovinha project and the American joint Avtek project. If Mantyla's preliminary schedule plans hold true, the world of aviation will not see the new Finnish turboprop trainer, the Turbovinha, or, as it is internationally designated, the LSOTP Turbo Trainer, in the sky before the next big air show at Farnborough in England in September 1986.

## Courageous Decision

Valmet managers made a so-called courageous decision in continuing with the Turbovinha project despite last week's accident, which profoundly and even personally disturbed several decision-makers. Any other conclusion would have stripped Valmet of its credibility, which the company has for years now determinedly striven to build on the international aviation markets.

Finland was about as well-known as Upper Volta is as an aircraft manufacturer before Valmet put the basic air force trainer, the Vinka, in the industry's international display windows. As an aircraft, it did not exactly cause a sensation, but primarily the magnificent flying performances of Paavo Janhunen, who was killed in the Turbovinha accident, kept Valmet's name in the forefront.

When exporting the Vinka proved to be a hopeless venture, Valmet by a few votes decided to develop a version of the plane that would theoretically have the best chance of marketing the Vinka as an air force trainer. The general trend has for a long time now required comparatively fast, otherwise capable of performance and heavy basic trainers, whose engines burn the aircraft kerosene used in jet engines rather than gasoline. The Turbovinha is a creditable attempt to manufacture a product that customers may want.

If the venture had been terminated after the accident, the Finns would have retrogressed to the level of the Upper Voltans as manufacturers of aircraft.

The accident that occurred with the prototype has not in itself destroyed [Valmet's] reputation as an aircraft manufacturer. Such things have happened and do happen whenever something new is built. One only loses one's reputation in the event that a project is shelved at the first reverse.

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ECONOMIC

EUROPEAN AFFAIRS

NEW OECD CHIEF FORESEES EUROPEAN RECOVERY PARALLELING U.S.

Duesseldorf WIRTSCHAFTSWOCHE in German 22 Feb 85 pp 40-42

[Interview with new OECD secretary general Jean-Claude Paye, conducted by WIRTSCHAFTSWOCHE editor Friedrich Thelen, date and place not given: "Jean-Claude Paye. Europe Adapts"]

[Text] The new OECD secretary general Jean-Claude Paye does not believe in the so-called "Europessimism." As he explains in an interview with WIRTSCHAFTSWOCHE, the EC countries want to overcome economic crises and unemployment just like the U.S.

[In box] Jean-Claude Paye has been the secretary general of the Paris-based OECD (Organization for Economic Cooperation and Development) since October 1, 1984. Paye, 50, before his appointment to this post, was the director of the economic department of the French foreign ministry. A graduate of the elite French school ENA, he passed the national examinations in law, economics and political science. The most important political position held by this French diplomat, who was also an embassy advisor in Bonn in 1973, was that of cabinet secretary to Raymond Barre, who as vice president of the EC was responsible for economic and financial policy.

WIRTSCHAFTSWOCHE: You have predicted an average growth rate of three percent with an inflation rate of four and three-quarters percent for the OECD countries in 1985. Is that not just a little too optimistic?

Paye: Only time will tell. In terms of fighting inflation the results to date are satisfactory. Now it is a matter of maintaining what we have achieved. Our prognosis depends upon economic and political factors remaining essentially unchanged at a satisfactory level. It is important that policies encourage greater trust in the economy so that investments will increase.

WIRTSCHAFTSWOCHE: Is your optimism not dampened by growing unemployment?

Paye: The unemployment problem is not the same everywhere. In Europe the extent of unemployment is in fact worrisome. The question is what to do about it. In my opinion it is best to continue the policy followed up to now, e.g. hold down inflation and encourage further structural changes. However, if

after a few years of economic growth unemployment is still this high, we will have to ask ourselves whether our policies and those of the other governments and social partners were decisive enough and whether they paid enough attention to international interdependence. In any case, we will not achieve useful results with an abrupt change in course.

WIRTSCHAFTSWOCHE: Does three percent growth, however, not yet indicate an improvement in the employment situation?

Paye: It is probably not sufficient. Unemployment is a side effect of the process of structural adaptation within national economies. Unfortunately it will still take some time before we can bring unemployment down. America has done it, but only by means of an extraordinarily high growth rate.

WIRTSCHAFTSWOCHE: But we in Europe can probably not follow this lead so easily.

Paye: The American economy has in fact shown a remarkable adaptability. This has extracted a high price, however, in terms of layoffs and investments for capital replacement. But through this process, many areas of the American economy have become more competitive. At the same time the American government has stimulated its internal economic trends by means of tax reductions and increased defense spending . . .

WIRTSCHAFTSWOCHE: . . . which also has a darker side, the budget deficit, high interest rates, the deficit in the balance of trade and the high exchange rate of the dollar, for example . . .

Paye: . . . naturally, those are the negative aspects.

WIRTSCHAFTSWOCHE: Have we Europeans already fallen victim to "Europessimism"?

Paye: There really is no such thing as "Europessimism." Europe is going through an adaptive phase just like the U.S. has done in the past ten years. Just remember Watergate and Vietnam. At those times many Americans considered America the old world and Europe the new world. No less a personage than futurologist Herman Kahn based the growth rates of the 1960's on such prognoses. That was about as exaggerated as "Europessimism" today. Faith in the future is already indicated in recent rates of investment.

WIRTSCHAFTSWOCHE: The western industrialized nations are currently largely following the same economic policy line. What will you do if one country diverges from this path following its national elections?

Paye: Changes in government do not necessarily result in a different economic policy. In the past three years governments of differing basic ideologies have in the final analysis had the same economic policies . . .

WIRTSCHAFTSWOCHE: . . . You are speaking of France?

Paye: . . . Not just France. Just as a country's foreign policy is intended to serve long-term interests and thus undergoes few substantive changes even when the government changes, economic policy, too, is subject to the pressures of international economic interdependence and can thus also not be changed so abruptly.

WIRTSCHAFTSWOCHE: Does this mean that in making economic policy governments can no longer take the decision of the voters into account?

Paye: Take, as an example, France in 1981. The government believed, as did all the economic experts, including those of the OECD, that an upswing in the world-wide economy was imminent. It was thus hoped that additional federal spending would speed up this process even more in France. But the prognoses were wrong, and because of international economic interdependence this course had to be changed again.

WIRTSCHAFTSWOCHE: Should not international interdependence also force the U.S. to reduce its deficits?

Paye: The Americans have a psychological handicap. America is the strongest economic power in the world. When the international currency, the dollar, is also your national currency, things look different. One might ask whether the laws of economics apply to the same degree in America as in other nations. Washington believes that a thriving U.S. economy is the best contribution toward a revitalization of the world economy. In the past three years this was also not untrue.

WIRTSCHAFTSWOCHE: And the negative aspects?

Paye: There are some. But they cannot be eliminated all at once. The Europeans were also not satisfied when the dollar was low. What could Washington do today to lower the exchange rate for the dollar and interest rates? It is difficult to say. Exchange rates are no longer based on basic economic factors alone but more and more on the expectations of investors of short-term capital. The total amount of this capital is estimated at \$1.5 trillion--a huge figure. What can one government alone do in view of something of this magnitude? However, if the American government is serious about the announced budget reductions, this could be a signal.

WIRTSCHAFTSWOCHE: Is this the capital the Europeans lack for productive investments?

Paye: That can be said in part. But so what? If investors would rather invest their money in America, is that the fault of the U.S. or do you have to look in Europe for the causes? We have to create here a climate of trust and a new perspective and stop trying to blame others for our lack of success.

WIRTSCHAFTSWOCHE: Can we learn anything from the Americans in terms of transfers to private ownership?

Paye: The OECD nations are convinced that the market economy is the best system. Whether an enterprise belongs to the state or is in private hands is secondary as long as the enterprise makes a profit and creates jobs.

WIRTSCHAFTSWOCHE: President Reagan has suggested a new round of international trade discussions within the scope of the GATT (General Agreement on Tariffs and Trade). What can be expected to come out of this?

Paye: It could make an important contribution toward improving international trust. But only a contribution. Trade discussions in and of themselves in a climate of mutual distrust can lead to the opposite effect, even to confrontation rather than a reduction in tensions.

WIRTSCHAFTSWOCHE: Isn't confrontation really unavoidable?

Paye: The negotiations will in any case be lengthy because we are no longer operating in the area of traditional trade policy. Up to now we have talked about tariffs and quotas. Now we will be dealing with services, technological exports and rules of conduct . . .

WIRTSCHAFTSWOCHE: . . . and agricultural policy . . .

Paye: . . . and these are all new topics in terms of the GATT agreement. In any case the negotiations must be well prepared and integrated into a comprehensive strategy.

WIRTSCHAFTSWOCHE: The intent of the U.S. Congress to introduce a special 15 percent tax on imports would not fit into such a strategy.

Paye: Certainly not. The American government has been under great pressure from protectionists because the competitiveness of many areas of industry has suffered as a result of the high rate of the dollar. I was afraid that during their election year they would give in to this pressure, but they have withstood it.

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ECONOMIC

DENMARK

SCHLUTER, FINANCE MINISTER DISCUSS ADVERSE TRADE BALANCE

Schluter: Policies to Continue

Copenhagen BERLINGSKE TIDENDE in Danish 9 May 85 p 10

[Article by Svend Bie]

[Text] The balance of payments deficit during the first 3 months of 1985 amounted to nearly 8 billion kroner, says prime minister. "However, we have taken that into account," says Poul Schluter, who did not answer the question asked in the Folketing what would happen if the deficit this year should exceed 15 billion kroner.

Prime Minister Poul Schluter now recognizes that the balance of payments deficit in the first 3 months of this year will be close to 8 billion kroner.

However, he says at the same time that the government does not intend for that reason to intervene with measures to tighten the financial policy. For the government has already intervened, says the prime minister. He is referring to the intervention in the collective bargaining.

The political spokesman of the Social Democratic Party, Svend Auken, and Poul Schluter yesterday had a discussion in the Folketing on the deficit.

Svend Auken said that the prime minister had difficulty distinguishing between "optimism" and "improvidence."

"In the last five quarters, from the beginning of 1984 till now, the balance of payments deficit has amounted to 25 billion kroner. In the course of the same period, the government was given the greatest opportunity ever due to the upward trend coming from abroad. It, therefore, is surprising that the prime minister dares to make the rash statement that there will be no intervention," said Svend Auken.

Prime Minister Poul Schluter said that it is a question of a "lapse of memory in record time" for Svend Auken now to claim that the government is not doing anything.



"It was an entirely different note we heard before Easter when the government carried through its incomes policy, which probably is more severe than any previous incomes policy. At the time, the government expected a large balance of payments deficit. It was that very prospect which was the reason why we carried through the tight incomes policy. The figures are appearing now, but that does not mean that there is anything new about the situation," said the prime minister.

Poul Schluter insisted that the large deficit does not reflect any excessive increase in the private consumption.

Svend Auken does not believe that the government's objective of limiting the deficit in 1985 to only 15 billion kroner is likely to be attained. For that means that the deficit in the last 9 months may only amount to 7 billion kroner as against a deficit in the course of the first 3 months of 8 billion kroner.

Poul Schluter, however, still finds that 15 billion kroner is a realistic goal for the deficit, but Svend Auken did not succeed in making him answer the question what the government will do if the deficit exceeds 15 billion kroner.

"The government wants to create a workable equilibrium between the balance of payments development, employment trends and budgetary developments," Poul Schluter said.

"The government has continuously chosen to place the main emphasis on furthering our competitive production. That naturally requires considerable imports. And the additional imports in the first quarter of the year were largely goods which will contribute to increasing investments and production.

If we had chosen a more rapid decline, the savings would have had to be larger or the indirect taxes would have to be raised. That would have led to increasing unemployment, and the government does not want that," said the prime minister.

During the debate, Poul Schluter rejected the idea of discontinuing selling government bonds abroad.

"That would give rise to concern and a lack of confidence in the Danish economy. Why contribute to a lack of confidence at a time where everything is going according to plans," said the prime minister to the great amusement of the Social Democrats in the Folketing.

Simonsen: Balance by 1988

Copenhagen BERLINGSKE TIDENDE in Danish 10 May 85 p 7

[Article by Svend Bie]

[Text] No balance of payments deficit in 1988. That remains the government's main economic goal--all other figures, including the deficit in March, are merely partial results. Faster intervention against the balance of payments deficit would mean unemployment, says Palle Simonsen.

The government expected a balance of payments deficit in 1984 of 8 billion kroner. It became 17.

Already during the first 4 months of this year the deficit will come close to 8 billion kroner.

These are the harsh facts. However, they do not cause Minister of Finance Palle Simonsen to become overly nervous.

"There is too much hysteria in the debate. It is, of course, a strange situation. Every month, we first get the preliminary figures for our trade with foreign countries. We then discuss them, and after 10 days we get the final figures, which then give occasion to another discussion. The balance of payments naturally has to be viewed over a longer period of time," says Palle Simonsen.

He stresses that the government expected unfavorable trade balance figures when it carried through its intervention in the collective bargaining.

"It is unrealistic to discuss the balance of payments on the basis of the figures of one month. And it is wrong to make a science of the question whether the balance of payments deficit will have to be 14, 15 or 16 billion kroner this year. The government has clearly recognized that the deficit also this year will become larger than it ought to be. The figures, however, should be viewed in relation to the overall situation. In 1984, we had an import of 210 billion kroner. It is in relation to this that we have to look at the figures."

"The overall plan will not have any rapid effect. Only in 1987 will the large decline in the balance of payments deficit occur. And the government still expects the balance of payments to be in equilibrium in 1988."

Palle Simonsen says that rapid intervention against the balance of payments deficit would be bound to require an increase in direct and indirect taxes.

"That would lower the employment rate. I cannot imagine that anybody in possession of his reason would find this right. However, it would have been the consequence of the overall plan of the Social Democratic Party," Palle Simonsen says.

One billion more or less in the deficit this year has no major impact. Does it also not matter whether we achieve an equilibrium in the balance of payments in 1988 if the economic developments are otherwise deemed to be going in the right direction?

"No. Nor do I find that the magnitude of the deficit this year is irrelevant. The government, on the contrary, recognizes that it is too large, but the only way in which we shall be able to reduce the deficit in the long run is by following the plan which we have now carried through in the Folketing. We are still of the opinion that the balance of payments will be in equilibrium in 1988. And we are not to lose sight of that goal. If it turns out that that goal cannot be achieved automatically, adjustments will have to be carried through."

"This shows a fundamental difference between the approaches of the present government and the Social Democratic government. We have set a time limit when we want the balance of payments to be in equilibrium, and we aim for that goal. Then it is not decisive what the deficit is in March of 1985. It is entirely possible that our clear and hard objective will cause increased debate. On the other hand, I have no doubt that it is right to have a clear goal. That is simply what we are aiming at."

"Is it realistic to expect a balance of payments deficit this year of 15 billion kroner?"

"Of course, we are greatly dependent upon the international development. We have, for example, estimated the deficit on the basis of a dollar rate of 11. If it drops, it will be beneficial to us, if it increases, it will be detrimental to us. It is the long-term strategy that will be decisive, but we naturally take a serious view of the deficit as a partial result. It tells us something about the realistic aim of achieving a balance in 1988."

Palle Simonsen admits that the balance of payments developments have been different from the expectations of the government in the early part of 1984.

"The rate of consumption increased in 1984. The development in the dollar rate of exchange was unfortunate, and the increased investments and expansions for a larger production required increased imports. Of course, it takes several years for investments to be converted into increased exports. However, one of the reasons why the rate of consumption increased was that the employment rate increased by 50,000 in 1984. And 85,000 pensioners had an increase in their real incomes. Salary and wage earners experienced a decline in their real incomes, but, conversely, people had postponed their consumption in the previous years. As things were now going better, they felt more encouraged to spend money. It is not a question of any permanent increase in the consumption."

Palle Simonsen finds that there are a number of reasons why the consumption will not continue to increase. The incomes policy is very tight. The compulsory savings plan will tie up money once it takes effect in the fall. And the oil imports which cost us foreign exchange in the spring will

largely be paid for by the consumers. These things give them less scope for consumption in the future.

"The goal is balance in 1988--everything else is a question of partial results. It may be said to be bombastic requiring equilibrium in 1988. But this is, of course, what is decisive for us in order that we may have the right point of departure in making surveys and adjustments."

"It is, of course, the same thing as when an enterprise sets up a plan. What counts is achieving the objectives that have been set, and one then has to resort to the means that will be necessary."

If an enterprise fails to achieve the objectives which have been set, it is the usual practise to change management?

"Yes, that is what they do," the minister of finance says with a smile.

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CSO: 3613/147

ECONOMIC

DENMARK

POLL MEASURES ATTITUDES ON STRIKE INTERVENTION, ECONOMIC POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 13 May 85 p 6

[Article by Asger Schultz of the Gallup Institute]

[Text] The Gallup Institute has asked voters to evaluate two aspects of the government's strike intervention, the economic aspect and the social aspect.

A representative selection of around 1000 people was asked this question:

"The nonsocialist government with the support of the Radical Liberal Party has now passed a number of laws that will be in effect for the next contract period. In part the laws replace the contract on which the labor market factions could not agree but they also extend the economic policy the government and the Radical Liberals want to pursue.

"These laws, which the government calls a total solution, can be seen from two points of view. One can decide whether they will effectively improve Denmark's economic situation and one can also decide whether they are just and reasonable from a social point of view.

"We will first look at whether the laws will improve Denmark's economic situation. Do you think they will lead to an effective improvement of Denmark's economic situation?"

The answers are shown below in percentages:

<u>Affiliation of Respondent</u>	<u>Yes</u>	<u>No</u>	<u>Don't Know</u>	<u>Total</u>
Total	48	36	16	100
Party to right of SDP	77	12	11	100
Social Democrat	23	60	17	100
Party to left of SDP	24	70	6	100
Four coalition parties	80	9	11	100
Other answers	44	29	27	100
Member of LO union	40	50	10	100
Not a union member	62	28	10	100



A relative majority (48 percent) believed the intervention would have a healthy economic effect, but more than a third (36 percent) disagreed.

As one might expect, opposition voters were the most negative and not all the government's own voters shared the economic optimism either. On the other hand, 40 percent of the LO [Danish Federation of Trade Unions] members were satisfied with this part of the intervention even though, as expected, 50 percent were not.

The next question asked was: "The next question is whether the laws are socially just and reasonable. Do you think they are socially just and reasonable?"

The answers are shown in percentages:

<u>Affiliation of Respondent</u>	<u>Fair</u>	<u>Unfair</u>	<u>Don't Know</u>	<u>Total</u>
Total	20	62	18	100
Party to right of SDP	42	38	20	100
Social Democrat	2	90	8	100
Party to left of SDP	2	95	3	100
Four coalition parties	46	33	21	100
Other answers	16	51	33	100
Member of LO union	12	79	9	100
Not a union member	27	58	15	100

With respect to social balance, the discontent is striking. Almost two-thirds of the voters (62 percent) found the intervention socially unacceptable. And as we can see not even half (46 percent) of the government's own voters found the intervention socially acceptable and a third (33 percent) felt it was clearly unacceptable.

This dissatisfaction may be the price for an economic improvement and therefore the question is whether the voters feel it is at all possible to introduce a solution that is both economically and socially satisfactory.

Therefore they were asked: "Do you think it is possible to shape an economic policy that is both effective in terms of decisively improving the country's economic situation and is at the same time fair and reasonable?"

The answers are shown in percentages:

<u>Affiliation of Respondent</u>	<u>Yes</u>	<u>No</u>	<u>Don't Know</u>	<u>Total</u>
Total	40	40	20	100
Party to right of SDP	41	39	20	100
Social Democrat	34	43	23	100
Party to left of SDP	60	35	5	100
Four coalition parties	40	40	20	100
Other answers	33	40	27	100
Member of LO union	42	44	14	100
Not a union member	46	38	16	100

Thus the voters are split on this basic question and one can say that "only" 40 percent believe in an ideal solution. Social Democratic voters were the most pessimistic in this respect and also among LO members a relative majority (44 percent compared to 42 percent) felt the task is impossible.

If the government is in what many feel is an impossible situation, can it be that the voters feel it is the best alternative in the present situation?

And therefore this question was asked: "Taking everything into consideration what do you think would be best for the country now, a nonsocialist government or a Social Democratic government?"

The answers are shown in percentages.

<u>Affiliation of Respondent</u>	<u>Government Preference</u>			<u>Total</u>
	<u>Nonso- cialist</u>	<u>Social Democratic</u>	<u>Don't Know</u>	
Total	46	32	22	100
Party to right of SDP	88	1	11	100
Social Democrat	12	72	16	100
Party to left of SDP	12	68	20	100
Four coalition parties	90	1	9	100
Other answers	41	15	44	100
Member of LO union	33	50	17	100
Not a union member	63	20	17	100

Nearly half the voters (46 percent) prefer a nonsocialist government in the current situation and "only" a third (32 percent) prefer a Social Democratic government. And only 72 and 68 percent respectively of the opposition voters were convinced that a Social Democratic government would be preferable. And it is also apparent that among uncertain voters (other answers), of whom there are a great many, sympathy is clearly on the side of the non-socialists.

The question of leadership in the Social Democratic Party has often been debated and for this reason the final question was: "Who do you think would be best suited to lead a Social Democratic government?"

<u>Affiliation of Respondent</u>	<u>Anker Jorgensen</u>	<u>Sven Auken</u>	<u>Others</u>	<u>Don't Know</u>	<u>Total</u>
Total	24	22	23	31	100
Party to right of SDP	20	11	34	35	100
Social Democrat	36	36	10	18	100
Party to left of SDP	21	40	21	18	100
Four coalition parties	18	10	36	36	100
Other answers	19	13	22	46	100
Member of LO union	25	31	24	20	100
Not a union member	25	15	30	30	100

As we see it is practically a "dead heat" (36 percent to 36 percent). It is also apparent that Sven Auken is regarded as considerably more leftist-oriented than Anker Jorgensen. Finally we can see that LO members prefer Sven Auken.

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ECONOMIC

DENMARK

# BUDGET PROPOSAL INCLUDES FURTHER CUTS IN DOMESTIC PROGRAMS

Copenhagen BERLINGSKE TIDENDE in Danish 15 May 85 p 8

[Article by Svend Bie]

[Text] The government wants to cut 2 percent a year in all budget areas. This is to be offset through increased productivity. If productivity per employee in nursing homes does not improve there will soon be one employee for each occupant.

The public sector must work just as efficiently as the private business sector. Each year workers in the private sector and their employers improve slightly--the same number of workers turn out slightly more products with the same amount of effort. And that is the way things should be in the national and municipal sectors too.

The increased productivity would make room for reforms and new spending programs in the national budget. This year the government must come up with 4 billion kroner in difficult rounds of spending cuts, but in the future increased productivity will provide leeway in the national budget.

That is the message in Finance Minister Palle Simonsen's budget report, which has just been released.

The finance minister is so sure that major improvements can be made in public sector productivity that he proposes that all budgets be cut by 2 percent a year in the future unless spending levels are fixed as a result of political compromises. Better utilization of both human and technical resources would insure an unchanged level of services for Danish citizens.

## Zeroing in on Productivity

The finance minister has already tried to zero in on productivity in the public sector and the results are both encouraging and discouraging.

In large parts of the public sector productivity has declined drastically in the last decade. But there are also areas in which the same number of people produce substantially more.

One of the sad chapters is caring for children in daycare facilities. In after-school centers, where the decline in productivity is greatest, 15 percent fewer children are cared for per employee today than in 1977.

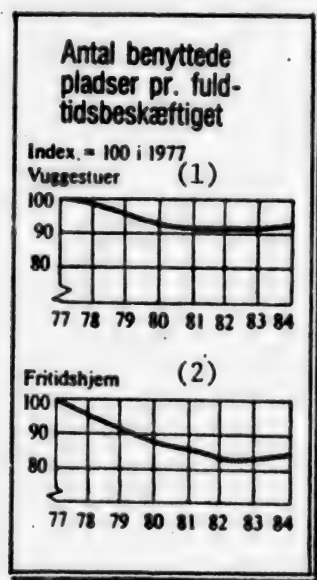
However productivity did increase a little in 1983 and 1984.

The situation is even worse for nursing homes where 20 percent fewer people are cared for per employee than in 1977.

If this development continues there will be more employees than occupants in nursing homes in the foreseeable future, the budget report concluded.

Elementary schools have experienced a similar development while high schools are generally as productive today as they were in 1977.

Hospitals have had generally declining productivity from 1978 to 1982 but productivity rose in 1983 which improved the picture considerably.



#### Number of Occupied Places per Full-Time Employee

Productivity in daycare institutions has declined in recent years. But there was a slight improvement in 1984. Index: 1977 = 100.

Key:

1. Daycare nurseries

2. After-school facilities



A new and exciting feature is the Finance Ministry's attempt to evaluate productivity in the area of criminal care facilities.

First of all it was noted that to a large extent the state has changed the rules so that the prison system has been able to handle the increased crime load without spending more money.

"These changes are an example of a shift away from sticking to customary practice in the area--having people serve their sentences in jail--toward solving the acute problems to a large extent through rule changes that have limited spending increases," the budget report stated. Here the rule changes themselves led to a form of increased productivity.

If criminal-care productivity is measured in a more traditional way--the ratio of prisoners to personnel--the picture is less clear. It turns out that personnel levels have remained unchanged regardless of the number of prisoners.

But there are also rays of sunshine in the Finance Ministry's study of productivity.

DSB [Danish State Railways] has lived up to the expectations of 2 percent higher productivity per year from 1974 to 1983, if productivity is measured in terms of the number of kilometers driven per wage hour.



Index of Personnel Productivity in DSB's  
Freight Traffic from 1974/75 to 1983.

Danish State Railways is one of the state enterprises that has lived up to the demand for increased productivity.

Key:

- |                              |          |
|------------------------------|----------|
| 1. Train kilometers traveled | 3. Hours |
| 2. Productivity              |          |

## Increased 25 Percent

The increasing productivity in DSB also applies to freight transport. Even though DSB freight volume declined 25 percent in 5 years, personnel cuts were even greater so that freight volume per hour worked rose 25 percent from 1979 to 1983.

The semi-public telephone companies have also shown respectable productivity increases.

This led the Finance Ministry to conclude that the public sector in the business-oriented areas like DSB and the telephone companies has a reasonable productivity development while the institutional areas such as daycare facilities and hospitals have had declining productivity.

In the administrative areas the picture is more mixed. The problems of measurement are great but the study suggests that productivity can be improved when external circumstances force administrative bodies to make a better showing.

The budget report emphasized the fact that it is hard to measure productivity in the public sector. Even if employees in nursery schools, for instance, take care of fewer children per employee it is very likely that they are doing a better job. In other words there is an element of better service which in principle should be included when productivity is measured--even though the politicians do not feel we can afford a higher level of services just now.

## Fighting Public Growth

It is hard to keep spending down in the public sector. Growing pains will increase spending by 3 percent unless something is done about the problem.

The fight against rising public spending is much more complicated than just saying no to new spending outlays. This is apparent from the Finance Ministry's budget report which lists six reasons why public spending has "built-in growing pains."

There are more elderly people. The group of people over the age of 80 has increased in particular and that means higher expenses. At the same time the number of children has declined and that means public spending reductions. But it has turned out to be very difficult in practice to translate the lower number of children into savings, the Finance Ministry stated.

When productivity rises it normally means more services for the public. Although a better utilization of public resources could provide the same level of services for less money, increased productivity normally leads to a higher level of services. The government wants to change that so that increased productivity can free resources for other purposes.

On the average state employees are older. Since the state pay system is built up on seniority increments of around 1 percent a year until the top pay level is reached, this means rising pay costs in excess of the 2 percent limit. At the same time the pension burden is increasing because more people are retiring and collecting civil service pensions.

There are some expenditures that are beyond the reach of the budget knife. This is because of broad political compromises that have put some areas off-limits. This is true of the defense and cultural affairs sectors as well as aid to developing countries.

The 1984 budget was upset by a large influx of refugees. The Finance Ministry report noted that we should also expect unforeseen expenses in the years ahead.

These factors mean that there will automatically be a 3 percent spending pressure annually, the Finance Ministry wrote.

This means that even though the government now wants to cut 2 percent from all budgets, cuts that are supposed to be offset by productivity improvements, savings cuts will still be needed. At least a couple of billion kroner more must be saved each year to keep public spending stable. The Finance Ministry also said that the goal of keeping 1985 public spending unchanged at the 1984 level will be met.

#### Pension Boom

The government can lower the tax burden in the course of the next 15 years. But a sharp increase in the number of pension recipients in the next century will bring the tax burden back to the 1985 level.

Danes of working age will have fewer payment responsibilities for the rest of this century. There will be fewer people in the unproductive age groups to look after and there are good chances of getting a lower tax burden if the public sector can adjust itself to shifting resources from children and young people to other areas and if we can agree that the public sector should not grow.

But there is every reason to use this period to prepare society for the very large burdens awaiting us in the next century when the "baby boom" starts retiring. Finance Ministry budget reports show that as early as 25 years from now the tax burden will be almost as large as it is today unless there is a change of course.

The Finance Ministry's predictions include an assumption that work hours will be reduced by 1 percent a year. That would mean a 33-hour work week in 2010. The Finance Ministry also assumes that women will continue to work outside the home so that as many women as men will be gainfully employed by the turn of the century.

Today the labor force makes up 53.5 percent of the population. In 15 years it will make up 59 percent. The relatively large labor force will be maintained for the next 10 years, but after that the labor force ratio will decline sharply. In just 15 years, from 2005 to 2020 there will be a 30 percent rise in the number of pension recipients between the ages of 67 and 79.

### Spending Policy

The wish for an offensive policy, unchanged public spending levels and an increase in the number of retired people will make great demands on public spending, according to the Finance Ministry's budget report.

#### Survey of Spending Policy in 1986 and Beyond

<u>Area</u>	<u>Development</u>	<u>Initiatives</u>
Children	Fewer children	Reduction of capacity
Older people	More older people	More varied services
Elementary and high schools	Fewer young people	Reduction of capacity
Business and job training	Structural changes	Reorganization to meet labor market demand
Business subsidies	Structural changes	Scaling down and reorganizing to produce offensive policy
Health	Slight increase	Increased productivity
State enterprises	Market gains, new technological possibilities	Increased productivity and market adjustments
Labor market measures; unemployment compensation	Mounting employment and fewer young people	Scaling down and changes in job training initiatives

6578

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## FISH EXPORT DECLINE, INFLATION CAUSE CRISIS IN FAEROES

Helsinki HUFVUDSTADSBLADET in Swedish 16 Apr 85 p 14

[Text] Copenhagen (FNB, Ritzau)--Economic policy in the Faeroe Islands has been on the wrong track in recent years. The problems are now so serious that only a sharp tightening up of the economic policy--with rising unemployment as the result--can save the little community from economic collapse.

The above is revealed in a report on economic development in the Faeroes that was published recently by the Danish prime minister's Advisory Committee.

Last year, prices and wages both rose faster than in Denmark. But the dominant industry in the Faeroes--fishing--is being hit by difficulties, and net foreign indebtedness totaled over 3.1 billion kroner (1.8 billion Finnish marks) at yearend. That represents 62 percent of the gross national product, or twice as much as total annual exports by the Faeroes.

According to the Danish report, it is primarily the growth in consumption and investment that has led to a tremendous increase in the balance of payments deficit.

The deficit was just under 800 million kroner (460 million marks) last year, compared to over 450 million kroner (260 million marks) the year before. Political authorities in the Faeroes have pursued a policy of subsidies making investments in fishing vessels quite lucrative for private investors. But those investments have not led to a corresponding increase in fish landings, and the stock of fish in Faeroese waters is disappearing as a direct consequence of overfishing, says the report.

The report points directly at new investments in fishing vessels over the past few years as being "bad investments." Revision of the fisheries policy and a tightening up of the economic policy will have unavoidably awkward effects on the high employment level that now prevails in the Faeroes, says the report.

11798

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

## WEST BERLIN REGAINING ATTRACTIVENESS AS INDUSTRIAL CENTER

### Psychological Factors Aid Turnaround

Duesseldorf WIRTSCHAFTSWOCHE in German 22 Feb 85 pp 84-88

[Article: "Economic Climate Strong As A Bear"]

[Excerpts] Headlines concerning the city on the Spree have changed radically. Two years ago Berlin was not "worth the trip." In the meantime changes in the city's overall climate have also had economic repercussions.

According to the Berlin TAGESZEITUNG, a dogmatic, left-leaning newspaper with nationwide distribution representing the views of the "alternatives," Elmar Pieroth is the "senator for public relations--with the secondary occupation of senator for economics."

This wine producer from Rhineland-Palatinate, who following the May 1981 elections was elected senator by the lower house of the parliament on only his second attempt at the position, could certainly be given no higher compliment. Because what has fundamentally changed during his tenure in office is that image of the city which has emanated from economic factors. It was that of a "dying city."

During the past ten years complaints concerning the Berlin economy again and again indicated one problem: the contradiction between appreciation of the culture and nightlife available and disdain for the subsidy-oriented mentality and greed within the city railed at by people both in and out of the government. It was exactly two years ago that the city's Chamber of Industry and Commerce indicated "great concern" over the situation. STERN's headline at the time was "Berlin Isn't Worth the Trip." Prior to that DIE ZEIT had written, "Berlin feels it has been deserted by large-scale industry." Today the CDU/FDP coalition is exhibiting a sense of sure victory and near euphoria in disregarding all unknowns concerning how well the "alternatives" and the FDP will do in the coming elections on March 10. Their optimism is notorious but understandable. "Berlin is on an economic upswing," announced the otherwise rather more reserved SUEDEDEUTSCHE ZEITUNG, for example.

Those in the midst of a battle for reelection are happy to hear such news. But how realistic is this changed mood which two years ago was even worse than the situation itself?

As before, the labor market is still burdened with 86,000 unemployed. A higher than average number of retired persons and welfare recipients have been affected by cuts in social benefits made within the scope of consolidating the federal budget. Environmental problems in Berlin are great. Pollutants blow in primarily from the GDR. Contamination of the soil by factories has caused nationwide concern. The construction of a firing range by the British led to massive protests by Berlin's citizens.

Nevertheless, some things have changed decisively in Berlin within the past few years. The basis for this change is found in some often irrational factors: Optimism, climate, self-confidence, upbeat mood, joy in technology--these are the catchwords. Guenter Schmoelders would be overjoyed at the position which economic psychology has achieved since his day in this former imperial capital.

What has caused this new mood, however, can still be explained rationally: Economic growth and investments are above the national average. More new enterprises were established in Berlin in the past two years than in scarcely any other city. Tourists, including more and more business people, are coming to the city in ever greater numbers; in 1983 there were 9.3 percent more and in 1984 an additional 8 percent. Many new types of cooperation between universities and the economic sector were tried and the first successes have been publicized (see page 88).

In contrast to other politicians serving in regions weak in terms of economic structure, the Berlin senate had the courage to put an end to the long-time standard practice of constantly rescuing unprofitable enterprises, despite massive public criticism. The openings thus created, however, offered special opportunities for new activities: The first was to allow "inventors" from the nearby Technical University to move into the fabrication building of the closed-down AEG plant on Brunnenstrasse in the Wedding district.

This example is currently being copied everywhere--not always successfully--in the form of "technology parks." Then Heinz Nixdorf, Germany's model entrepreneur and symbol of the economic structural changeover from old to new technologies, also moved onto the site of the old AEG plant.

Economic Senator Elmar Pieroth, initially received with some disdain by Berlin's economic sector, certainly had no easy task implementing his program. One and a half years after assuming office he was still unable to report any substantial changes. Instead, unemployment continued to increase drastically.

Although Pieroth's staff had developed a working program which included 94 points as an unbinding collection of ideas, transforming these suggestions into reality soon proved to be a most difficult political task. Pats on the shoulder and subdued smiles accompanied the thank-yous of the leaders of the economic associations in Berlin, but among themselves they did not believe

in the least that the program would succeed. Without his permanent senate secretary, Guenter Rexrodt, soon to succeed Robert Layton as the head of Wirtschaftsfoerderung Berlin GmbH (Berlin Economic Development Co.) and Detlev Stronk, Pieroth would probably have also had difficulty transforming his collection of ideas into concrete projects receiving accolades nationwide.

These top officials acted as a rear guard for the senator for economics, who was then able to direct his PR talents toward Berlin's economic sector and attempted to dissipate the mood of pessimism evident in the enterprises. At the same time several other members of the government, who were likewise concerned with economic questions, also supported him--Science Senator Wilhelm Kewenig, for example, who in large part was the driving force behind the technology transfers between the Technical University and the enterprises.

And Ulf Fink, the senator for health, social services and the family, should also be mentioned. His pragmatic approach is that a city also needs alternatives, places to experiment with new ways of doing things and new forms of social conduct. This year he will again be able to provide self-help groups with DM 7.5 million. "Berlin's example shows," says Fink, "how problems can be tackled forcefully and solutions can be found which will serve as models elsewhere." And not only that. Subsidizing alternative social efforts also saves considerable funds within the Berlin budget. And finally it was the senator for culture, Volker Hassemer, who also saw an innovative cultural environment as an asset to Berlin as an economic center, "the city lets everyone do their own thing."

Table 1. Upswing is Clear

Changes in Important Indicators in Berlin and in the FRG as Compared to Prior Years (in percent)

	1981		1982		1983		1984	
	Berlin <sup>1</sup>	FRG	Berlin <sup>1</sup>	FRG	Berlin <sup>2</sup>	FRG	Berlin <sup>2</sup>	FRG
Gross domestic product (real)	-0.6	0.0	-1.4	-1.0	+2.6	+1.0	+2.8	+2.4
Gainfully employed	-1.1	-0.8	-2.0	-1.8	-1.2	-1.7	+0.3	-0.4
Private consumption	-1.7	-0.6	-2.5	-1.4	0.0	+1.1	+1.8	+0.7
Nominal investment in fixed assets	+4.5	+0.1	+6.0	-2.2	+8.6	+4.8	+11.0	+3.5
Production in processing industries	-0.6	-1.7	-2.7	-2.9	+4.7	+0.9	+7.4	+3.7

<sup>1</sup> Comparison of first three quarters of 1984 with the whole previous year

<sup>2</sup> Adjusted for excise taxes

It is difficult for the social democrats to fight against this image of an improved economic climate without looking like spoilsports. "I am opposed," said Hans Apel to Eberhard Diepgen in the Bundestag, "to painting a black picture with regard to Berlin. However, painting too pretty a picture, complete with dreamy summer evenings and winter wonderlands, will not get you through the drabness of everyday life." But--who is willing to let go of hope once it has--as in Berlin--gotten a foothold?

## Revised Development Law Successful

Duesseldorf WIRTSCHAFTSWOCHE in German 22 Feb 85 p 86

[Article: "Berlin's Development Law. Incentives for Increased Net Product"]

[Text] A no doubt grotesque example most clearly illustrates the weaknesses of the old Berlin Development Law. One entrepreneur cashed in on preferential treatment by transporting split pork carcasses from the FRG to Berlin, where only the ears and tails were cut off, then quickly transporting them

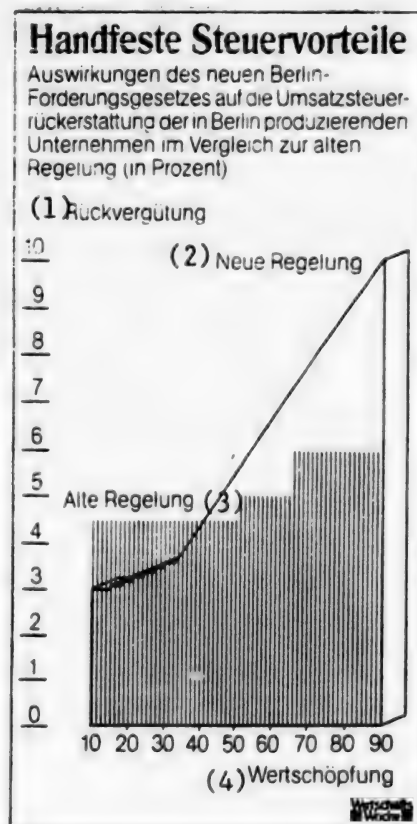


Fig. 1 Definite Tax Advantages. Effects of new Berlin Development Law on sales tax refunds for producers located in Berlin as compared to old law (in percent).

Key:

1. Refund
2. New law
3. Old law
4. Net product

back to the FRG. Because of the turnover tax relief for producers in Berlin, the so-called preferences for manufacturers, he was largely reimbursed for his transport costs.

The reason for these undesirable effects regarding Berlin development was that the calculation system used did not reflect actual services performed in Berlin--expressed in terms of the net product and the depth of manufacturing involved. The new Berlin Development Law, which has been in force since 1983 but will effect preferential treatment for the first time this year, eliminates this disparity. Services actually performed in Berlin now play a larger role. While up to now the net product has been determined by comparing turnover with the corresponding value of materials, in the future the factors which reflect goods and services produced in Berlin will be added together. Among other things these factors include wages, expenditures for ensuring the future of Berlin's workers, interest paid in Berlin, depreciations, and profits which are achieved in Berlin. The net product determined in this way will be weighted in terms of turnover, and preferences will then be determined on this basis.

The old Berlin Development Law had three levels of preferential treatment for manufacturers: The entrepreneur could subtract 4.5 percent from his turnover tax owed if he could prove a net product percentage of at least 10 percent. For net product percentages of more than 50 percent and more than 65 percent, the manufacturer was permitted to deduct 5 and 6 percent respectively from his turnover tax owed.

The revised Berlin Development Law permits tax benefits to rise in proportion to the amount of goods and services produced in Berlin, beginning with a net product percentage of 33 percent. The levels of preferential treatment between 10 percent and this level are precisely defined. The first level is at approximately that of the old law, at a net product percentage of 10 percent, however the tax benefits were decreased from the former 4.5 percent to 3 percent. This means that enterprises which have used Berlin as an extended workshop will clearly have to accept some losses. However, the money spigot will not be turned off immediately for those who lose out. They will have a grace period of two years.

The second component of the Berlin Development Law, however, regarding preferential treatment of workers, is not affected.

#### Science, Business Happily Married

Duesseldorf WIRTSCHAFTSWOCHE in German 22 Feb 85 pp 88-91

[Article: "Innovation. The New Tradition"]

[Text] Berlin's structural economic policy is clearly encouraging the city's climate of innovation. A crucial reason for this development is that science and economics are again working hand in hand.



Baden Wuerttemberg's minister president, Lothar Spaeth, was not a little surprised. What the "Athenians on the Spree" had set up with their showpiece, the first German innovation and founders' center (BIG), impressed even this inventive Swabian. And all this after not one federal minister could find the time in his schedule to attend the christening of the child prodigy, BIG, in November of 1983. Up to now about 4000 curiosity seekers, literally from all over the world, have made a pilgrimage to the Spree in order to see why Berlin specifically has beat them to the punch.

Despite all of the hero worship afforded the city so suddenly as a result of BIG, the Berliners prefer to keep both feet firmly planted on the ground. They know that it was ideological barriers--building up since the 1960's--which broke down the traditional bonds between science and the economic sector. The image of Berlin's advanced schools, long characterized by substantive discussions as well as by the fact that those within the university were contemplating their navels, allowed the gulf between the ivory tower and the workshop to get larger and larger.

Juergen Krochmann, professor at the technical university and at 65 years old one of the veteran leaders in matters of cooperation between science and the economic sector, said at the school, "Up until 15 years ago it was still taboo for us to do things together with industry. When I got my first company started about 10 years ago my fellow professors all said I was crazy." This college-level instructor, who does R&D in the area of illumination engineering, has seen a "process of rethinking only within the past five years."

The driving force behind this development in the advanced schools was doubtless the Technical University. Many of its professors and their scientific colleagues seemed simply to be waiting for someone to give the go ahead.

Economics Senator Elmar Pieroth encouraged this process with a whole bundle of measures--shoulder to shoulder with Science Senator Wilhelm Kewenig, as the two never tiring of emphasizing. Most of these ideas, initiatives and instruments have been included in the structural program for creating new jobs. Two of the projects have in the meantime become real runaway successes:

- The innovation fund--this subsidy fund, which had grown to DM 15 million by 1984, was created to help the founders of new, primarily technology-oriented firms get started by providing them with grants, loans or capital holdings. The flow of public funds is to be reduced to the same extent that providers of private financing become involved. The incentive is there. A great deal of private venture capital has already been amassed in the city.

- The innovation-assistant program--with the idea of placing graduates from the advanced and speciality schools primarily in small and medium-sized enterprises, Berlin has opened up new German frontiers. In this program, the senate pays 40 percent of the taxable gross salary up to a maximum of DM 24,000 to the enterprise for each graduate for one year. Up to the present about 190 "innovation assistants" have been placed. Over 90 percent of these graduates have in the meantime become well established within the respective enterprises.

Guenter Rexrodt, permanent senate secretary for the senator for economics, evaluates this policy of one small step at a time as the most effective one over the long term. "Personal contact has been more effective in bringing the once leery adversaries, the entrepreneurs and the scientists, together than any other form of technology transfer," was his assessment.

Of all the instruments of development, personal initiative appears to head the list. Two thirds of the 600 professors at the Technical University, estimates their president Michael Hoebich, are now ready to work together with the economic sector. Klaus Fellbaum, a professor at the Technical University who develops computers which understand human speech, is among them.

For years he pursued the classic forms of industry-like research and development. Recently Klaus Fellbaum has clearly withdrawn himself from the so-called "third-party funding projects" in which industry pays the university as a subcontractor for specific projects. "By setting the deadlines so short and expanding the projects, the enterprises put us in such a tight spot that teaching activities were bound to suffer," this advanced school instructor complained. Recently his former assistants have begun to develop and sell the computers at their own expense. They have jointly founded a company to which the professor can also contribute his knowhow.

Fellbaum's colleague Volker Trommsdorff is cultivating the long neglected service sector. As head of the marketing faculty he is beginning right where there is a real need. Small and medium-sized firms, and young entrepreneurs in particular, frequently have management problems which they cannot solve on their own. He provides them with assistance, which not only helps out those who contract for his services but also gives his students the advantage of receiving some practical training.

Spurred on by the many Berlin initiatives, the large "West German" firms also did not want to be left behind. Like a lost treasure they are rediscovering Berlin's scientific and research aspects, with names such as Albert Einstein, Fritz Haber, Max Planck, Otto Hahn and Lise Meitner at the back of their minds. In this regard even today this isolated city has a scientific infrastructure that is beyond compare for such a small area.

Seven percent of all scientific funding in the FRG, about DM 3 billion annually, is spent in this city alone. One in ten German scientists works here.

The most recent ideas of the Berliners have already been put down on paper. A microelectronics service center is planned which will provide small and medium-sized enterprises in particular with expert advice in the area of semiconductor technology for their own use. Together with Bosch, AEG, Siemens and Messerschmitt-Boelkow-Blohm, among other firms, a mask center is currently under discussion where custom chips will be produced.

There appears to have been a breakthrough. Even the Free University of Berlin, whose huge scientific potential is still largely in the "Sleeping Beauty" stage, has taken some comparatively halting steps toward jumping on the band-

wagon. A technology transfer consultant is already at work. His first assignment: The Free University wants to be involved in the laser-medicine center planned for Berlin by Messerschmitt-Boelkow-Blohm, Zeiss and Aesculap.

#### Restructuring Boosts Investment, Employment

Duesseldorf WIRTSCHAFTSWOCHE in German 22 Feb 85 pp 91-96

[Article: "Back in the Thick of Things, Aren't We?"]

[Text] In a concentrated effort and with a great deal of style the Berliners have initiated a process of restructuring. Investments are reaching record highs, and the decline in jobs appears to have been halted.

In matters relating to Berlin the Basel company, Prognos AG, has recently gone out into the world with its divining rod, searching at the request of the senator for economics for companies which will find the former imperial capital an attractive location. Not just any old enterprise will do; according to the description only companies which can provide secure jobs and environmentally safe production processes in forward-looking growth areas are being sought. According to the soliciting agents, the city seems predestined to attract companies which produce new products in the fields of materials science, communications, environmental technology and traffic engineering. That Berlin has for quite some time once more become respectable within industrial circles in the FRG will certainly make the Basel company's job easier. Formerly the largest site of industrial factories between Paris and Moscow, Berlin is well on its way to leaving behind its negative image of a collection of obsolete manufacturing plants. Exactly 66 new enterprises were counted by Wirtschaftsfoerderung Berlin GmbH in 1983. Another 54 have been added in the past year. In total the company estimates that this could mean an additional investment volume of about DM 200 million and over a thousand jobs.

In the meantime, the big names and those of high rank within the FRG are also flocking to Berlin. Among them are not only the showpiece of Berlin, computer manufacturer Heinz Nixdorf, whose factory for producing disk drives will create about 6000 jobs over the next 12 years, but also Siemens AG which has announced a new plant for producing components for use in glass fiber technology. Investments in the tens of millions are also planned by Daimler-Benz, SEL and Ford.

As a result Berlin has already experienced an investment boom within the past year unlike that of any comparable region in the FRG. Real value in terms of new machines and structures in industry increased by about 10 percent in 1984. The national average was only 2.5 percent. "It is just phenomenal," exclaimed one banker who otherwise avoids any such superlatives. As early as 1983 investments in Berlin increased at a rate twice that of the national average.

However, Elmar Pieroth, the senator for economics, does not view investments only in terms of sheer quantity; for him the process of restructuring within

Berlin's industrial sector is more important. Rather than the electric motors which have been produced here for decades, or some other moderately "dirty" machines from a technical point of view, competitive high-tech products are to be manufactured. These products, the argument goes, would provide jobs for highly qualified personnel. However, this will not necessarily be the case. The final assembly of even highly developed computers, for example, for which Berlin is increasingly becoming a center, does not require highly qualified personnel. And such manufacturing processes are not very labor intensive anyway as a look at the IBM and Triumph-Adler factories shows. Huge turnover is produced with relatively few employees. That part of the turnover reflecting net product is estimated by Berlin statisticians to have fallen to below 20 percent. In terms of the national average, this figure is at about one third.

Up to now it has not been so much the new companies themselves which have created the majority of new jobs, but rather the expansion of already existing factories. In many of the existing companies there was even at times very hectic activity in the personnel offices. The Triumph-Adler typewriter manufacturing plant, for example, which has experienced a real export boom with its "Gabriele 8008" and "Gabriele 9009" models, added a second shift. The result was 250 additional employees. The old, well-established paper and writing materials company, Herlitz, still a rising star in Berlin, opened its new shipping center which likewise created new jobs for more than 200 people. There were also numerous new openings at Ford's plastics factory and at DeTeWe, makers of telephone and exchange systems.

At times the whole city was involved in counting up how many new jobs a new project would bring. Reinforced by a rediscovered sense of self-confidence, Berliners cannot suppress a feeling of, "We're back in the thick of things, aren't we?" The job situation now also looks good again. Based on the average annual figures for 1984 there was still a decline in the total number of jobs by 1.5 percent to about 155,000. However, this already indicates a more stable situation over previous years in which the number of jobs in industry shrank by about 5 percent each year, much more drastically than in other parts of the FRG.

In the view of the senator for economics, the trend has already reversed itself. He argues that the average annual figures fail to show that the situation has already bottomed out. Calculated from January to the end of November 1984, the number of employees in the processing industries increased by about 3400. Even though the economic administration admits that this curve cannot simply be extended linearly, there will still be about 1000 more jobs by the beginning of 1985 than there were in January of 1984. "For the first time in 15 years," says Pieroth not without pride, "we can expect that the number of people employed in industry will be higher at the end of the year than it was at the beginning."

In addition to the EDP and office machines sectors--currently without a doubt the fastest growing branch of industry--Berlin's chemical industry appears to have achieved the most absolute growth in terms of jobs in the past year with just under 400. For one thing, Schering, the manufacturer of pills and plant-



protective chemicals and with 6000 employees the city's third largest industrial employer, continues to expand. And for another, the productive efficiency of small and medium-sized pharmaceutical firms is becoming more and more apparent, according to the Chamber of Industry and Commerce.

Table 2. New Arrivals and . . .

Largest new plants locating in Berlin in past two years

<u>Company</u>	<u>Production</u>	<u>Investment volume in millions of DM</u>	<u>Jobs</u>
PLM-Ball, Berlin L & R Verpackungsmittel GmbH	Drink containers	130	250
Interglas-Textil GmbH & Co	Technical grade glass fiber fabric	50	200
Papierindustrie Doebbelin & Boeder GmbH	Diskettes	10	100
Alpha Textil GmbH & Co KG	Cloth	22	50
Brennet AG, Berlin plant	Cloth	35	50

Source: Wirtschaftsfoerderung Berlin GmbH

Table 3. . . . Expansion Along the Spree

Important Investments for Expansion of Plants in Berlin During the Past Two Years.

<u>Company</u>	<u>Production</u>	<u>Investment volume in millions of DM</u>	<u>New jobs</u>
Nixdorf Computer AG	Computers and peripheral equipment	100	300
Ford-Werke AG & Co KG of Berlin	Plastic components	97	200
H.H. Focke GmbH & Co KG	Packaging machines	6	115
Hans Wiebe GmbH	Textiles	22	80
KSR Kammgarn GmbH & Co Spinnerei Reinickendorf KG	Textiles	30	70

Source: Wirtschaftsfoerderung Berlin GmbH

On the positive side, however, is the fact that after years of decline in the number of jobs in some of the large concerns, the figures seem to have leveled off. In the meantime the employment situation at AEG has also stabilized. The same is true for Siemens. This electronics concern--long ridiculed by the unions as the greatest eliminator of jobs--continues to be by far the largest private employer in the city. Including Osram, 23,000 Berliners work in



Siemens factories. In all, the electronics industry, still the most important industrial sector, lost only about 1.4 percent of its employees according to the most recent calculations.

In some other branches of industry, however, the downward trend continues unabated. Most drastically affected is still the machine construction industry, formerly one of the two leading pillars of Berlin's industry. In this branch of industry even more jobs were eliminated in 1984 than in the chemical and EDP branches combined.

#### Mercedes Executive on Turnaround

Duesseldorf WIRTSCHAFTSWOCHE in German 22 Feb 85 pp 96-98

[Interview with Edzard Reuter, member, board of directors, Daimler-Benz AG, Stuttgart: "Interview. Fertile Soil for New Ideas"]

[Text] Cultural variety and a lively exchange of ideas between the economic, scientific and artistic sectors are precisely what constitute fertile soil for the economic and technological future of Berlin. Of this Edzard Reuter, member of the board of directors of Daimler-Benz AG in Stuttgart, is convinced.

[in box] Edzard Reuter

This native Berliner (born in 1928) is the son of the already legendary lord mayor of Berlin, Ernst Reuter. His son with the Frisian first name initially studied mathematics and physics, but then switched to jurisprudence. Following the completion of his comprehensive national exams and a period of time as a teaching assistant at the Free University of Berlin, Reuter entered the business world. From the Ufa company in Berlin and the Bertelsmann TV division in Munich, he found his way in 1964 to Stuttgart and Daimler-Benz AG. The stages in his career: 1973 acting member, and 1976 regular member of the board of directors. Reuter was the administrator for departmental planning and organization and for a time was thought to be the most likely candidate to replace Joachim Zahn as the head of Mercedes. Upon Zahn's departure, however, Gerhard Prinz assumed this office and Reuter became chief financial officer. He also remained in this position following the sudden death of Gerhard Prinz when the head of development, Werner Breitschwerdt, was called on to become chairman of the board. Reuter, who makes no bones about his membership in the SPD, is considered one of the most gifted members of Germany's business community, something which he proves again and again with brilliant lectures and papers. This manager who still has strong ties to the city of his birth has always turned down political appointments.

WIRTSCHAFTSWOCHE: You were born on the Spree, and now you work in Swabia, well known for its frugality. Is not Berlin--from an economic standpoint--really a ball and chain on the leg of the FRG?

Reuter: Why? Berlin is one of the liveliest cities and also a vital economic region of the FRG.

WIRTSCHAFTSWOCHE: But financially a bottomless pit and an expensive show.

Reuter: Certainly the show is not cheap. But it would really be more than shortsighted to think only in terms of economics. In other respects this city makes an immensely important contribution in terms of East-West relations. If there had been no Four-Power Agreement, we might well ask whether the FRG would then be as stable as it now is. The past has shown without a doubt that the price paid for Berlin is not too high.

WIRTSCHAFTSWOCHE: Despite continuing new subsidies and the question of whether they often just seep away or even flow into the wrong channels?

Reuter: Certainly, because of the way the system operates, you can never totally eliminate such problems with subsidies. And of course you can always disagree about what the instruments of assistance to Berlin's development should look like. But one comparison already comes to mind--if you compare assistance to the city with agricultural subsidies, then I don't know which has a higher national priority.

WIRTSCHAFTSWOCHE: Nevertheless, those who make agricultural policy are trying to bring about a turnaround with regard to subsidies. Are the revisions in the Berlin Development Law sufficient to allow us to speak of a trend toward greater efficiency?

Reuter: The first positive indications are in that the estimate made when the law was revised is entirely accurate. The job situation has improved. Berlin is making a substantial contribution to the FRG economy in terms of more advanced technologies.

WIRTSCHAFTSWOCHE: Do you have any concrete examples?

Reuter: If I may speak from personal experience, the Daimler-Benz plant in Berlin is such an example. We have built a driving simulator there which makes a definite contribution in terms of overall developments in automotive engineering.

WIRTSCHAFTSWOCHE: And regarding companies besides your own?

Reuter: I can mention the Nixdorf plan to build a very modern manufacturing plant. SEL is also doing this. And AEG, following a structural revision, is in the process of building a new high technology plant on the Spree.

WIRTSCHAFTSWOCHE: All of this is countered, however, by the fact that numerous firms with long traditions in the city have declined a great deal.

Reuter: It is certainly true that particularly during the postwar years the structure of many of Berlin's manufacturing plants suffered. This is simply due to the fact that the top management of these companies moved out of Berlin

and that the development sectors also departed. In the meantime, this problem was recognized in many parts of the West German economy and the trend has reversed itself. Greater flexibility in manufacturing has also helped in this respect.

WIRTSCHAFTSWOCHE: Berlin's isolated location therefore no longer plays such an important role--above all because transport costs are, relatively speaking, no longer so crucial and it is easier for the communications engineers to traverse the distances in terms of both space and time.

Reuter: Yes. In general the distance involved is considered less important. On the other hand this means that the advantages which a culturally alive city of millions like Berlin has must also expand in terms of economic benefits. Modern technology and first-rate services can only develop in an environment of abundant cultural advantages.

WIRTSCHAFTSWOCHE: Andre Heller's "Summer Night's Magic", then is at least as important as tax benefits?

Reuter: Well now, I can't calculate the effects of fireworks. But I do believe that a city with a climate so conducive to lively discussion, with its interaction between various cultural circles--some also call this a subculture--and scientists offers the right kind of fertile ground in which new, innovative technologies can develop.

WIRTSCHAFTSWOCHE: It would not be difficult, for example, for a management-level Mercedes employee to move from the Neckar to the Spree?

Reuter: There is an odd kind of reservation about it. But it disappears completely after people have been in Berlin for two months.

WIRTSCHAFTSWOCHE: These reservations are understandable when you have the wall in front of you and you feel cut off. This is probably also still true for the industrial developments.

Reuter: For a long time there certainly was an aversion--like my own emotional one--to choosing Berlin as a site for reasons of security. The catchword here was fear of a new blockade. In the meantime it is becoming increasingly apparent that Berlin is an absolutely secure site. If anyone tried to jeopardize the existence of this city they would threaten all of Europe.

WIRTSCHAFTSWOCHE: Then could the city become something like a real East-West crossroads? Something like a free trade zone? Or a financial free port?

Reuter: I am not in favor of such ideas. They fail to recognize, namely, what place Berlin has in the overall economic picture of the FRG and how important it is to keep it competitive within the overall picture. Therefore I have serious reservations about exotic tricks. This does not mean that you cannot use a great deal more imagination in integrating Berlin into East-West relations.

WIRTSCHAFTSWOCHE: The catchword competitive: In some areas this has caught on so well that other areas--like Bremen, for example--complain of losing people to Berlin. This is surely not the purpose of these development plans.

Reuter: In any case it is absolutely necessary that the Land governments sit down together and try to reach a consensus about what kinds of sacrifices are really appropriate for Berlin--and then also those which must be made. However, the Laender alone will not be able to make this decision. In the final analysis there is, for other reasons as well, the question of the constitutional laws governing public finances. The federal government must provide clear political leadership in this regard.

WIRTSCHAFTSWOCHE: Now there are all kinds of groups in which conclusions could be reached--let us start in the entrepreneurial sector with just the Berlin commissioners and the economic conferences on the Spree and the Havel. Or are they just going through the motions?

Reuter: It may be that that is true in part. We certainly have enough groups who are just going through the motions in the Western world. But to reiterate, the problem of what sacrifices, and how many, must be made for Berlin cannot be solved in just any old discussion group, but is rather a responsibility of the political leadership.

WIRTSCHAFTSWOCHE: If these problems can be solved, then how will Berlin look by the year 2000?

Reuter: It used to be said that Berlin was a city just like any other. This saying, well intentioned though it was, can certainly have an unhappy connotation if it results in the conclusion that Berlin ought to be left to stew in its own juices. But when you talk about looking forward, then I think there is some truth in the statement. I can imagine that in the year 2000 Berlin--despite having to offset the disadvantages of its location, something that will always be necessary--could be one of the most advanced, most self-sustaining economic regions in the FRG--and very attractive to the population. However, allow me to add this footnote regarding this vision of the city--a number of general structural economic problems in the FRG and in western Europe will have to be solved for this to happen.

#### Role of Alternative Enterprises

Duesseldorf WIRTSCHAFTSWOCHE in German 22 Feb 85 pp 102-105

[Article: "Alternative Enterprises. Crises Included"]

[Text] The time has long since passed when the only examples of alternative enterprises were farms and health-food shops. The differences between alternative enterprises and innovative new enterprises are becoming less and less distinct.



"Actually it all started in Berlin when the alternative scene wanted to print their own fliers," recalled Lothar of the Netzwerk (network). As is common on the alternative scene Lothar introduces himself casually by first name only. "That was also when the first alternative enterprise was born," he says. Since that time the Netzwerk self-help fund has assisted new alternative projects with about a half a million marks annually. But no one knows exactly how many people are now employed in this sector of the Berlin economy. Estimates range between 5000 and 15,000 people participating in 700 to 1500 projects. Experts believe that the number of people thus employed could be doubled by means of specifically targeted economic policies. However, the economic activities of only 20 percent of the existing projects are thought to have a chance of staying afloat and maintaining adequate salaries for all their employees. On the other hand, numerous unemployment assistance and self-help groups exist almost exclusively as a result of federal aid. In the meantime even the Berlin Senate views the self-help groups as an important--and as a rule cheaper--supplement to the existing social services available, and is therefore assisting them this year for the third time with DM 7.5 million (WIRTSCHAFTSWOCHE 16/1984).

Jobs in the alternative enterprises on the other hand have been created essentially "not in the federal mold," which the alternative scene views with scepticism. The Berlin Alternative List thinks that enterprises which have their own administration also do not deserve special subsidies. The alternative entrepreneurs would rather remain independent anyway and rely--Schumpeter would be happy--on their own incentives. "At the beginning there is a kind of passion that outweighs all else," raves Tonio of the alternative daily newspaper TAZ which already has 120 permanent employees and more than 22,000 subscribers. Nevertheless, the newspaper project, like most other initiatives, has not developed without its crises and conflicts. "The self-made man is born of tears and sobs--being your own boss is exhausting!" says Tonio speaking from experience. And for some time now alternative enterprises do not just mean farms and health-food bakeries, carpenters' collectives and bicycle workshops. Small industrial enterprises are also included, as are transport companies and commercial firms, pharmacies and architectural teams, travel agencies and engineering offices, tax and business consultants, newspapers, publishing houses, schools and convention centers. Alternative credit institutions such as the direct lending agency "Stattwerke" and the "Oekobank" now under construction are collecting millions in order to maintain the vitality of the alternative economy. And basically, they even have their own tax and subsidy system. "Things like Netzwerk and "economic funds" dispense indulgences to needy projects so that the meanwhile well-established class of '68 can assuage its conscience," says a Netzwerk insider.

Even in the established economic sector numerous enterprises can now be found to which alternative criteria could certainly be applied--but this is not always recognized by the enterprises themselves or those around them. There are, for example, Berlin's young "Larifari" fashion designers who along with six other fashion designers recently formed a "Gewandhaus" (House of Style) association of equal partners. The "Gewandhaus" is to be a company for marketing original designs which will be presented annually at an "off line



trade fair" and will even include the creations of other fashion designers as well. And neither are physicians in joint practice always considered an "alternative" approach to medical treatment.

Step by step, even the self-proclaimed alternative enterprises are finally losing their fear of associating with the economic establishment. One example is the engineers collective "Wuseltronick" located in the "alternative founders center" in Mehringhof. About 30 groups work here on an approximately 5000 square meter factory site. With an annual turnover of DM 750,000, Wuseltronick is the most successful enterprise located there. These technical experts develop primarily measurement equipment and materials for wind energy systems. The enterprise is owned by the twelve employees, most of whom are electrical engineers and machine design engineers. "Our cooperative efforts are based on the responsibility of the individual for the whole," explains Brigitte, the only woman on the team.

The content of their work is basically no different than that of a traditional engineering office. But despite a 50-hour work week, the Wuseltronick people have up to now only been able to pay themselves at the most DM 1600 per month. "We don't base our company policy on the DM 6000 engineer's salary," says Michael of the company's philosophy. "And we once even turned down a lucrative contract because it involved measurement equipment for atomic power plants."

The people at Wuseltronick base their chances for success primarily on the very lucrative market for wind energy systems. As a result of their professional expertise, they could even compete against large-scale industry. In order to provide for future large-scale production of wind-powered generating stations they have founded a joint production and marketing company with the "Suedwind", "KT-Elektronik" and "Kosonanz" collectives.

On his visit to BIG Baden Wuerttemberg's minister president, Lothar Spaeth, already noticed a great similarity in general between the alternative enterprises and innovative young entrepreneurs: "These creative people think in entirely different dimensions and are no longer bound to the production-related structure of the old patriarchal society. Cooperative problems are solved, for example, by saying--man, you can join us; we can't pay you much, but if we succeed you get 20 percent of the company."

Lothar Spaeth also sees opportunities for growth not only in the high-tech sector, but much more so in fact in the area of new kinds of skilled services. This is precisely where the alternatives have something special to offer. About 60 percent of all alternative enterprises are located in the service sector. Some people from the top management of Netzwerk, for example, have founded the "Europaeische Cooperative GmbH und Co." which provides vacation homes and training facilities throughout Europe for use by its members.

## Energy Resupply Still Vulnerable

Duesseldorf WIRTSCHAFTSWOCHE in German 22 Feb 85 pp 105-109

[Article: "Infrastructure. Market in a Squeeze"]

[Text] The provision of goods and services to an "island" city of nearly two million inhabitants is subject to its own set of laws. It is not just the disadvantages of its location which make Berlin an expensive piece of real estate.

Whoever buys baby products, goes to the gas station or orders a sack of cement, every visitor or new Berliner, soon realizes that it has always been a bit expensive to live in Berlin. The usual, overworked explanation for this is just as simple as it is, in many cases, ridiculous: one of the disadvantages of an exclave. What difference does it really make whether diapers are transported from southern Germany to Berlin or to the Lüneburg Heath? Even with regard to gasoline prices the argument does not hold. More than half of the gasoline drawn from Berlin's pumps comes from the GDR. The oil companies make no bones about the fact that the high gas prices in Berlin have nothing to do with operating costs, but everything to do with getting all you can. And in the closed West Berlin market you can simply get somewhat more. "Regional competition influences gas prices and in Berlin the competition is not as keen as elsewhere," is how Karl-Wilhelm Lott, spokesman for German Shell, describes this relatively idyllic region for the oil companies.

That cement and brick cost 20 to 30 percent more than on the West German "mainland" seems at first glance most likely to be explained as a result of Berlin's "island" location. Those familiar with this branch of industry are of a different opinion however. In Berlin there are only a handful of dealers in construction materials. The sellers thus have a better overall view of pricing in this sector than do their customers. Dietrich Teuffert, chief executive officer of Fachgemeinschaft Bau Berlin, speaks concisely and to the point of a "construction materials market cartel."

The list of examples in which the supposed disadvantages of Berlin's location are really nothing more than exploiting this location at the expense of the consumer could go on and on. Although the geopolitical "corset" around Berlin does exert pressure in many places, the city's distance from the FRG is probably not the deciding factor in terms of a lack of freedom of movement.

Ever since the transit agreement of 1971 eliminated numerous hurdles along the transportation routes to and from Berlin, the divided city has moved a good deal closer to the FRG. Add to this the fact that the freeways have been very much improved, the air traffic network has been consolidated and the waterways are at least halfway adequately fulfilling their purpose. Only rail traffic is as rocky as in prewar times. Less than 20 percent of goods shipped and not even 12 percent of passenger traffic is carried by rail to and from Berlin.

In many areas what makes Berlin an expensive piece of real estate is not its geographical handicaps but the added charges for its political security. This

is clear above all in terms of energy supplies. Simply connecting its electrical supply network to that of the surrounding GDR, thus saving expensive excess capacity, is prevented by the fear of what would appear to be a much too risky dependence. With memories of the blockade at the back of their minds, the Allies exercise their role as guardians with appropriate zeal and opt for as much autonomy as possible in order to exclude the possibility of any attempts at extortion from the Eastern side.

The results of being the last remaining front-line city: West Berlin has by far the highest energy prices. In private households electricity is on the average 8.5 percent more expensive in Berlin than in the rest of the FRG; commercial enterprises must add on between 9 and 22 percent. Although only the flatlands of Schleswig-Holstein has a lower per capita consumption of electricity than Berlin, an electrical capacity able to keep all the electric motors running constantly under constant light or to support several hundred thousand more people is considered necessary. Now there is even supposed to be a new power plant consisting of two huge units of 300 megawatts each to be located in the more rural part of the city, the first of which is to go into operation at the end of 1987--if the legal system goes along.

This "squirrel mentality" dictated by the political situation also holds true in the case of natural gas. The agreement signed in the summer of 1983 concerning Soviet supplies of natural gas from west Siberia deals with amounts which lie 75 percent above current consumption levels. In the fall of this year the first gas is expected to flow through the pipeline under the wall into Berlin. Of course, this is not yet official. There is still some haggling to do in the courts in order to obtain the construction permit for the planned natural gas storage facility.

The guiding principle in these mammoth projects is also to guard against political risks. A gigantic underground store deep in the Brandenburg sand is to be a reservoir that, in case of war, would be able to supply the city for a year. The investments in material assets which will be required in order to switch from the municipal gas used up to now to natural gas are estimated at about DM 1.5 billion. Even generous computations indicate that West Berlin will begin to pull out of the red in the middle to latter part of the 1990's at the earliest. Add to this the fact that West Berlin, with its municipal gas derived by cracking light gasoline, up to now has used the most expensive type of gas production.

The price of living on this "island"--in terms of energy supplies as well as other areas--will also not decline in the future. And this frequently has nothing to do with the disadvantages of its location, but only with a heightened sense of the business opportunities in a limited and not always balanced market. Even the EC's excess "Christmas butter" was available in Berlin supermarkets at prices demanded elsewhere only in gourmet shops.

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CSO: 3620/343

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

DGB CHIEF SEES NO CRISIS IN SHRINKING UNION MEMBERSHIP

Hamburg DIE ZEIT in German 26 Apr 85 p 27

[Interview with Ernst Breit, national chairman, German Trade Union Federation; interview conducted by Erika Martens, date and place not given]

[Text] [Question] Mr Breit, for years the German trade unions could proudly point to rising membership figures. But 1984 was the third year in which the DGB's 17 member unions have had severe losses. Does this trend worry you ?

[Answer] The rate of decline has slowed down in 1984. In other words, we are not talking about things falling apart in the sense that members are leaving us. Of course the rise in unemployment has made life difficult for us. For another thing, we have found that it is much harder to recruit new members today than it used to be.

[Question] How do you explain the trend ?

[Answer] The problems in the training sector, for instance, have resulted in the fact that a very large portion of our young people have wound up in small and medium-sized plants—thanks to the very laudable initiatives undertaken by the crafts among others. Traditionally, these young people are much harder to organize than, say, young people in big industry training programs.

[Question] The problems the unions have with young people are probably also rooted in the generally conservative position which the unions have adopted with regard to new movements, aren't they ?

[Answer] It may well be that such movements have a certain fascination for young people. Union work surely is less exciting because it has to be more consistent and is not oriented toward momentary gains. That is both an advantage and a disadvantage for such an organization; but over the long haul it is probably the only way to do something for the working man. The fact that it is not so very easy for young people to feel at home inside a compact organization such as a labor union is something of a disadvantage for us because we need the young people. But when you come down to it, that is not an entirely new problem.



[Question] Shouldn't you be paying closer attention to this ?

[Answer] We do. Many of our members unions are very active in youth activities and are giving their young people so much elbow room that we older ones are asking ourselves where it all will end. But without a doubt we have to deal with their problems and to help them to speak out and turn their ideas into reality.

[Question] But the loss of membership is not attributable to the young people alone. What are some of the other reasons that might help explain this downward trend ?

[Answer] Without a doubt the overall situation in the FRG plays an important part. There are some people who are afraid to identify with a labor union at a time when it is extremely easy to lose one's job and very hard to find a new one. Economic considerations can play a part, too, because the union dues are not all that low. When real earnings have been going down for 3 or 4 years, then one percent of one's monthly gross earnings may at times make a difference in deciding whether to join a union or not—even though I happen to think it is a shortsighted decision.

[Question] Have the changes in the character of the labor force affected membership figures ? The number of white collar workers is constantly growing while that of the blue collar workers (who are traditionally easier to organize) has been going down. Have the unions done too little thus far to attract white collar workers ?

[Answer] We can get more of them to join. The awareness is there and it is growing. The question as to whether the unions have done enough to attract white collar workers thus far is not easy to answer in one word. Some of the organizations have not been plowing that field much at all while others consider it a matter of course to get the white collar class organized.

[Question] What do you think is keeping white collar workers from joining the union ?

[Answer] If I knew exactly what the reasons are, I would also know how to deal with the problem. The mentality of the white collar workers, in any event, is different from that of the mass of the blue collar workers. They are more convinced of their ability to solve problems on their own.

[Question] If you did pay more attention to the white collar class, do you think that would change the politics of the member unions ?



[Answer] There would probably be some changes; but nothing would really change in principle. The situation faced by the working people as a whole is too similar for the unions to change direction completely.

[Question] The steel and shipbuilding industries—which have traditionally been union strongholds—are shrinking branches of industry. Can the loss of membership which is tied to this trend be offset at all ?

[Answer] When one considers how these almost classical union strongholds have shrunk over the past 15 years, then it is downright amazing that this is not reflected even more vividly in the membership figures. Up to now, we were able to compensate for these losses by our gains in membership in other sectors of industry. But unfortunately, we have not been unable to do that during the last few years.

[Question] Is there such a thing as a north-to-south gradient in the level of success in organizing workers for the individual unions ?

[Answer] I really do not know. You would have to check that out with the different unions themselves.

[Question] In the United States, there is a clear trend in that direction.

[Answer] But social legislation differs a good deal among the various states there, too.

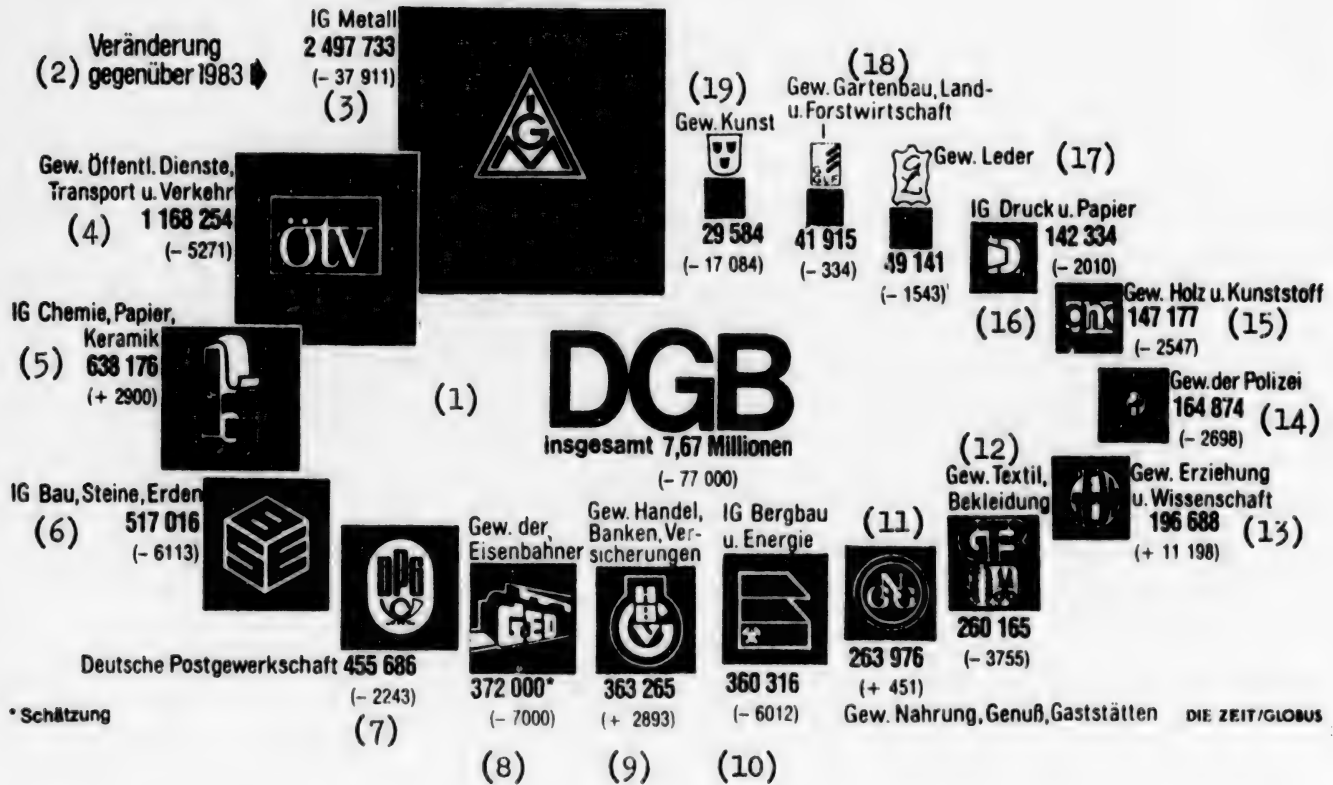
[Question] Mr Breit, would you say that the decline in union membership is an indication of a crisis ?

[Answer] No. I would not call it a crisis. The metal workers' and printers' strike last summer showed how much strength the union can still muster. That does not seem like a crisis to me.

#### Union Membership Still Declining

The good old days when the German trade unions were able to report on strong growth rates are obviously gone. Last year, according to a DIE ZEIT survey, membership in the 17 DGB organizations declined by some 77,000 overall. In 1983—if that is any consolation—the losses were even greater: membership was down by about 100,000 as compared with 1982. Only four of the 17 constituent unions showed gains last year; all others showed a drop as against last year. The largest percentage drop was registered by the artists union which consisted of eight locals up to now. Its decline of almost 37 percent is attributable to internal disputes about being absorbed by the media union with two of the locals quitting the artists union in protest against the move. By increasing its efforts to gain members among white collar workers, the DGB organizations will be trying to offset their past losses in the future.

# DGB Membership in 1984



## Key:

1. Total DGB membership
2. Change as compared to 1983
3. Metal workers union
4. Transport workers, public service
5. Chemical, paper, ceramics
6. Construction workers
7. Postal service
8. Railroads
9. Trade, commerce, insurance
10. Mine workers, energy
11. Food, restaurant workers
12. Textile workers, apparel
13. Education, science
14. Police
15. Wood and plastics
16. Printers, paper
17. Leather workers
18. Gardening, agriculture, forestry
19. Artists union

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CSO: 3620/351

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

STRUCTURAL, SOCIAL IMPACT OF PROFESSIONALS' UNEMPLOYMENT

Hamburg DER SPIEGEL in German 13 May 85 pp 40-47

[Unattributed article: "Doors Are Closed to Us, College Grads Say"]

[Text] Anyone attending a university risks winding up in a cul-de-sac. The number of unemployed graduates keeps growing year after year. In fact, graduates in all disciplines are standing in line for jobs. The experts are calling the overcrowded universities "transit camps for the unemployed." What is the point of going to a university?

So he has studied philosophy, law or social pedagogy and now he is just hanging on and can't tell what to do. We are speaking of a cartoon which shows a man with drooping shoulders, his eyes lowered, holding out his hat, begging for money. He is a sorry sight, a "Herr Doktor."

That cartoon appeared recently in the newsletter of Kassel University. The cartoon was part of an article entitled "What Is the Value of University Exams on the Labor Market?" One of the responses to this question was that "a doctorate does not always help either."

Dr Thomas Mirbach knows this from experience. He is a political scientist who got his doctorate in 1978 with a dissertation on "Adorno's critique of power" but who does not have a regular job and has been dependent on government assistance for years. It is only because he happened to get caught up in a government "job drive" that he at least receives unemployment compensation now.

The fact that the Hamburg municipal government has given him some research projects to work on from time to time has not really solved his problems and so Mirbach feels "very bitter now and again about shifting of the risk of joblessness onto the shoulders of certain groups."

That is a university graduate's way of saying that he is one of the 2.3 million unemployed in the FRG today. The "risk of joblessness" is something which even those who have a higher education are beginning to feel

more and more with every passing year. A doctorate, a diploma, a master's degree or a state examination certificate—in short a completed higher education no longer assures one of a job, much less a career.

Over the past 5 years, the number of university graduates without a job has tripled. 2 years ago, they passed the 100,000 mark and the labor market experts are already revising the most recent official figure of about 115,000 as of the end of 1984, saying that the number is still climbing.

One out of every three graduates is just starting out—which means that he has his diploma but no job and that in turn means that, given the uncertain prospects, he cannot even claim unemployment compensation or assistance. Some 5,000 have been without a job for more than 2 years—which certainly is a bad omen.

By now, it is not only the teachers who are in serious trouble ~~or the ones who got their degrees~~ in the so-called "orchid disciplines," e.g. archaeology and ethnology. Today, virtually all university graduates are standing in line for jobs—with the exception of those who studied information technology.

The following are officially registered as "unemployed":

- 29,546 teachers, including 15,134 technical high school, grade school and special school teachers as well as 9,976 secondary school teachers;
- 22,010 engineers of all kinds, one-third of whom are construction engineers and architects;
- 13,168 economists and social scientists, including 3,852 bachelors of commerce, 2,246 political economists, 2,938 psychologists and 2,388 sociologists;
- 6,722 natural scientists, including 2,004 chemists, 1,324 biologists and agricultural scientists, 976 geophysicists, 870 physicists and 554 mathematicians;
- 3,728 physicians, most of them interns waiting to receive specialized training;
- 3,348 lawyers, most of them fully qualified, having passed their second bar examination.

Nor are astronomers or theologians protected against unemployment. In the old days, one could expect to obtain a proper position with proper pay upon completion of a costly university education; but that is no longer true—at least not always and not right away.

In university towns such as Tuebingen, those who get stuck there because they cannot find jobs after graduation have quite an impact on the jobless figures. No less than 1,000 of the approximately 4,000 unemployed there are university graduates.

Overall, 4.9 percent of all university graduates in the FRG are registered as unemployed. Though this seems to compare favorably with the current overall jobless rate of 9.3 percent, there are a great many forms of hidden unemployment.

Not every university graduate without a job has registered with a labor office. Those who do not expect to get any compensation because they are not entitled to it and those who do not expect to find a job in this way because there are none to be had throughout the country simply do not bother to register. This explains why the educators and scientists union estimates there are twice as many unemployed teachers (e.g. 60,000) as the official statistics say.

The most recent study prepared by the joint federal government/Land commission for educational planning has shown that in 1983 almost 15,000 university graduates received assistance in the shape of publicly funded re-training courses and "job programs" which "kept them from being without a job at least for a time." If these programs had not been undertaken, "unemployment might have been more than 10 percent higher."

Things will get even worse, if the run on universities, institutes of technology and specialized institutions of higher learning continues. In the days of the German Reich, only about three percent of the high school graduates went on to study at universities. The current figure for the FRG stands at more than 20 percent and it will soon climb to 25 percent.

These percentages are about the same as in the other Western industrialized nations. But since the FRG's sixties' baby boom is currently having a particularly strong impact, the universities may expect to get even more students.

Even using cautious estimates, the education experts at the federal and Land levels believe that there will be four million university graduates in the FRG by the year 2000, i.e. almost twice as many as there are today. What is to be done with all of them?

Four million cannot expect to be the upper ten thousand. Will this result in the creation of a dangerous "potential for tension caused by unfulfilled hopes and non-existent opportunities," as George Turner, the past president of the association of West German university presidents has said?



There are lots and lots of people with master's degrees and a like number of people holding diplomas. Does this imply that we are faced with a kind of "pathological growth phenomenon," as some academicians fear, which will have a serious impact on society? If we have hordes of lawyers, will there not be untold numbers of needless court proceedings? And as the number of doctors keeps climbing, will the number of sicknesses not climb along with them?

That the surfeit of graduates will bring on an "academic proletariat" is a well-worn phrase which, for the very reason that it is imprecise, fits only too well into the image of an uncertain future for those who manage to get their degree. But it is a persuasive metaphor and it is fairly certain by now that the "one-way street" through secondary school, graduation and attendance at a university, as Prof Turner has called it, turns out to be a cul-de-sac for many of our young people.

That 30 year-old university graduates live off the income of their parents or their working wife is an exception no longer. The situation wanted ads pretty much tell the story, e.g. "trained teacher (German/French) looking for job in bookstore, cafe or the like."

In Hamburg, a chemist with a diploma makes do by taking on occasional work obtained through the student labor exchange at the university. It was only because of these small jobs that he decided to go back to school (studying economics this time) after completing his chemistry studies and vainly looking for regular employment. Another reason for going back, he says, was that "working student sounds better than unemployed chemist."

Many students do much the same thing. They stay at the universities longer than they have to—either by getting on the sick list, by taking a sabbatical or by working for a second degree. By taking this way out, they assure themselves of social assistance, e.g. lower health insurance payments, cheaper movie tickets and at the same time avoid the stigma of unemployment. "You avoid the feeling of having fallen into a deep hole," says a 28 year-old psychologist who has been looking for a job for 2 years and is now working on her doctoral dissertation in Berlin.

The university "logjam," as the education experts call it, has taken on enormous proportions. The University Information System, financed by the federal and Laender governments, has carried out a thorough analysis which showed that 14 percent of all West German university graduates were "in-name-only students" at one time or another.

Given the fact that there are 1.3 million students presently attending our universities, that would come to about 180,000 students. Strictly speaking, they would have to be added to the officially "unemployed" university graduates numbering 115,000. This means that the overt and hidden jobless figures would add up to a rate of unemployment among university graduates which is appreciably higher than the general average.

Without confirming these hidden unemployment figures, the research analysts conclude that "the university has taken over the function of an employer and thereby relieves the job market." Frankfurt sociologist Joachim Hirsch, for his part, simply refers to the universities as "transit camps for the unemployed."

The alma mater functioning as a waiting room or warm shelter for young academics shivering in the face of the future: what a perversion of education policy! The terribly overcrowded universities are bottling up urgently needed teachers and research spots on behalf of long-time and in-name-only students who otherwise would be walking the streets.

These are the sons and daughters of an older generation which was told in the days of **expanding** educational opportunities to "send your children to better schools" and which was subsequently told when it started worrying about what would happen to the children in these overcrowded institutions of higher learning "well, why not have taxi drivers who read Plato?"

This saying which started making the rounds in the seventies was a first indication of the fact that education for all does not mean advancement for all. In 1978, the education ministry in Bonn made it official by stating that academics "have lost their special status on the job market" and that they face "similar risks as jobseekers with other professional qualifications."

By then at the latest, worries and fears began to spread on the campus. The gap between the education and employment systems seems unbridgable to most or, as one **jobless** historian has put it: "they've closed the doors on us."

The officials do not view "the future prospects of university graduates on the job market" in much rosier terms. In a study dealing with this issue, the joint education planning commission has just found that in the long term "only about one-third" of all university graduates stands a chance of replacing current jobholders with an university education.

This would mean that there are no jobs for two out of three academics; that there will be mass unemployment for graduates of all kinds or that there will be lots of jobs for holders of master's degrees or diplomas in fields which they would not now consider or in which they would not even find employment at this time.

The alternative acts like a kind of lever. If the one alternative is to be avoided, then the other can only be had for the price of social upheaval. Bielefeld education expert Prof Armin Hegelheimer looks forward to "fundamental structural changes in job patterns for university graduates"—away from government, into industry.

A look at the so-called academics quota figures shows what this is all about. The academics quota or "share of employed university graduates of the total number employed" in a given field, as the job market researchers' jargon has it, is currently 20 percent for government and not quite five percent for industry. In other words, one out of every five public servants is a university graduate as against one out of twenty in business and industry.

Up until the eighties, the public sector—the judiciary, the administration and the education system—hired up to 60 percent of all university graduates. This record quota is definitely a thing of the past. "There is a downward trend," says Hegelheimer in referring to the public sector "absorption quota" and that is putting it mildly.

As far as the government goes, the doors really are almost closed. Mass hirings in the civil service during the seventies have drastically reduced the average age of public officials so that one out of every three public prosecutors currently is under 37.

Under the circumstances, there is hardly any "need for replacements" until the end of the century or at most 15 percent of each year's university graduates in the opinion of the experts.

Just how hopeless the situation really is can be seen at the institutions themselves. During the expansion years, they took on such a large number of professors that the next generation of academics has a terribly hard time getting ahead. Only one or two out of every 100 university teachers each year manage to move up a notch—which amounts to a rather paltry rejuvenation process, considering the additional fact that many of the present 33,000 professors are not top grade academics themselves.

An expansion of the public sector, however, is no longer anticipated. The major portion of the academics has to adjust its sights and this is bound to have far-reaching consequences for occupational patterns in the FRG and the self-assessment of the academics.

The joint commission study has this to say on this point:

Generally speaking, we must assume that university graduates will be holding down more and more jobs which previously did not call for a university education. Prior to their entry into the labor market, they will have to compete with those who have completed an education in other professions and with their efforts to achieve advancement in that profession.

This precise, bureaucratic language simply states that the traditional privileged status of a university education is giving way to the marketplace once and for all—according to the capitalist maxim of let's see who can use a hieroglyphics expert or let's see what a mathematician can do.

Those who can no longer make it to the top grade in the civil service (the A 13 level), will have to come up with some ideas, if that is their heart's desire after all. The A 13 mentality tends to break under the pressures of real life and saying goodbye to it not only results in invigorating competition but also in a tougher distributive fight.

One can already tell that this will also result in more stringent selection. The advertisements in the daily papers already give an indication what a person is expected to do, if he wants to have a career: he must "speedily complete his studies," achieving "better-than-average results." He must have had "experience in a normal working environment;" he must be able "to read and write two foreign languages" and must know how to use a computer. In other words, that is what employers ask of university graduates under the age of 28: that they be conversant not only in English and French but also in computer language.

The other side of the coin is that they are employed at less than their full capacity. There are fully qualified lawyers working as staff assistants for insurance companies and civil engineers are working in agriculture. Getting a job "even with less pay" is accepted for the most part, says Karl Maly of the central office for labor placement in Frankfurt, based on his own observations.

An expert at the Reutlingen labor placement office has reported that lawyers are even satisfied these days to accept "lower grade civil service jobs" paying no more than that of a secretary.

A survey conducted by the Institute for Labor Market and Occupational Research has shown that nine out of 10 final-year students would be satisfied with a lower paying job after graduation than they had previously hoped for.

None of them had any clear idea of what might be helpful to them in choosing a profession. Stating that there "is no such thing as a generally applicable job profile," the authors of the joint commission study confine themselves to hints on "interdisciplinary qualifications which are assigned a high value" such as "mobility, cooperation, team spirit, goal orientation, flexibility and willingness to change jobs."

Those who are particularly flexible make a change and go into government-subsidized "re-training programs." No less than 14,700 graduates did so last year and quite a few were successful.

The "Switcher's Handbook" [Umsteigerbuch] has already gone through three editions. It points out career possibilities to unemployed university graduates, e.g. in public relations: "there are just as many admen who once studied theology as there are former philologists or car salesmen."



Many surely are moving in the direction of a kind of "catch basin for university graduates who have been turned down" elsewhere, Hegelheimer says, i.e. into the already overcrowded professional sector; into tax consultant firms and law as well as doctor's offices.

Over the past 3 years, for example, the number of lawyers has jumped by 7,000 to a total of 47,000, i.e. there are three times as many lawyers in today's FRG as there were in the German Reich in 1932. At least some of these have made so little money so far that they must turn to social welfare to pay for their robes in court.

Another catch basin exists at the opposite end of the social spectrum. The alternative scene offers modest economic opportunities in health food stores, second-hand clothing and wool boutiques as well as in bicycle shops and taxi companies. One-third of those employed in these fields are liberal arts graduates and teacher candidates in addition to "some" lawyers, economists and engineers, as sociology professor Henrik Kreutz has found in surveys conducted in Nuremberg and Hanover.

A poll conducted by the Federal Labor Institute offers some additional information on the subject. One out of every six students (16 percent) considers it likely that he "will drop out of the entire traditional occupational spectrum and choose some alternative way to make a living," if conditions on the job market are unfavorable.

There are some who switch over into the alternative scene out of conviction and then there are those who simply have to. There is an undeniable mix composed of the old dropout mentality of the seventies when graduates just starting out considered it chic not to let their brains but their hands do the work and the current misery brought on by a lack of jobs.

Berlin social scientist Peter Grottian also speaks of "forcible switches" into the alternative scene. He believes that half of those who are better qualified and who now make use of the alternative safety net to protect them from an even worse fate would still grab any traditional job, if it were offered to them.

If it were offered to them—but there is no indication whatever that traditional employment ("commensurate with their education") will ever be available to university graduates in sufficient number—even if those interested in a university education should decline in number, which is what the current trend seems to indicate. The fact that this year 11,300 (i.e. 5.8 percent less) students registered for the winter semester at West German institutions of higher learning than last year is viewed as "a hopeful sign" by Minister for Education Dorothee Wilms. But this dip in the statistics does not alter the long-term trend.



In times of technological upheaval when new industries and new employment patterns develop, the "qualification paradox" begins to operate. Dieter Mertens, director of the Institute for Labor Market and Occupational Research in Nuremberg, puts it this way: Since there is "less work available" but since "what work does remain is more sophisticated," the maxim would seem to be "it is better to have the proper educational background than not to have one."

For another thing, the oversupply of university graduates on the labor market has an adverse effect. "The more university graduates there are among those starting out in the occupations," says job market expert Ulrich Teichler at Kassel University, "the more they tend to become satisfied with mid-level positions."

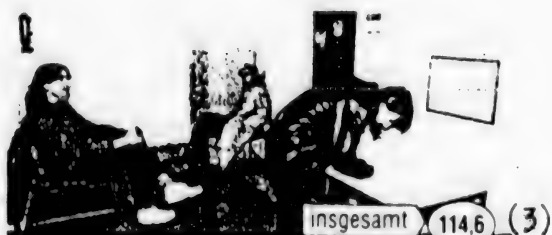
What makes this upheaval so difficult is the fact that German institutions of higher learning do not offer as wide a range of degree possibilities as the American educational system for example which permits students to graduate with a simple college degree and has only the best of them go on to work for advanced degrees.

An educational reform which would achieve similar ends and which would be able to cope with the masses of students while satisfying the educational requirements set by industry has not gone beyond the discussion stage in the FRG. The universities have been unable to bring about a reform of curricula and the politicians have not made them do it either.

And so the German law schools still train their students to become judges as they always did, for example, and none of the political parties dares touch the **career** guidelines of the civil service.

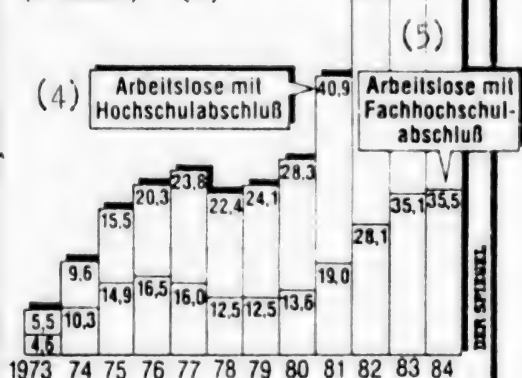
Perhaps it will all come out well in the end as the traditional linkage between the state and the university begins to weaken. If the institutions of higher learning will have to turn out more and more graduates for work in industry, they will also have to provide the required professional qualifications as time goes by.

If this "fundamental change in the employment patterns of university graduates" does succeed, it will not be the result of farsighted West German educational policy. Except for opening the doors of the secondary schools and universities, which was long overdue, it has achieved little else that deserves the name of reform. If it has in fact succeeded in anything at all, it is in turning the helpless universities into "madhouses of job market policy," as Prof Grottian has said.



## MIT EXAMEN, OHNE JOB (1)

Arbeitslose Akademiker  
in der Bundesrepublik  
(in Tausend) (2)



von je 100 Arbeitslosen mit Hochschulabschluß  
waren 1984: (6)

Sozialpädagogen,  
Sozialpfleger (7)

(8) Mediziner,  
Pharmakologen (15)

(9) Natur-  
wissenschaftler (10)

(11) Ingenieure (12)

Geisteswissenschaftler (13)

Wirtschafts- und  
Sozialwissenschaftler (14)

von je 100 Arbeitslosen mit  
Fachhochschulabschluß waren 1984: (16)

Naturwissen-  
schaftler (17)

(18) Lehrer (19)

(20) Wirtschafts-  
und Sozial-  
wissenschaftler (21)

Sozialpfleger,  
Sozialpädagogen (22)

(23) Ingenieure (24)

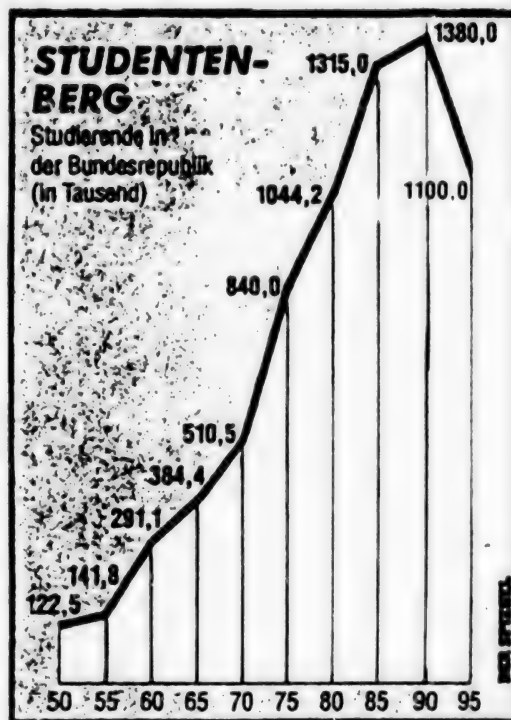
(25) ubrige (26)

Key:

1. Graduates Without a Job
2. Unemployed university graduates in FRG (in thousands)
3. Total
4. Unemployed university graduates
5. Unemployed technical college graduates
6. 1984 percentages of unemployed university graduates (by field of study)
7. Social educators, social workers
8. Medical graduates
9. Pharmacologists
10. Natural scientists
11. Engineers
12. Liberal arts graduates
13. Economists and social scientists
14. Teachers
15. Others
16. 1984 percentages of unemployed technical college graduates (by field of study)

(1)

(2)



Key:

1. An Excess of Students
2. Students in the FRG (in thousands)

9478

CS0: 3620/353

12 June 1985

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

## SUB-SCALE WAGE OFFER RESPONSE RAISES LEGAL, SOCIAL ISSUES

Hamburg DIE ZEIT in German 5 Apr 85 p 33

[Article by Horst B. Langewand: "Lots of Work for Low Wages—Entrepreneur Dares Undercut Minimum Wage"]

[Text] The debate about whether excessively high wages are one of the reasons for high unemployment is an emotional one. Rigid wage agreements make it difficult to put this theory to the test.

A small classified ad in BASSES BLATT, an advertisement newspaper, circulation 32,000, has created something of an uproar in the small town of Wahlstedt in the Segeberg district. In the ad, the firm of Simpex was offering "oodles of jobs at DM 8 an hour." Wahlstedt happens to be one of those communities in Schleswig-Holstein where there are not oodles of jobs but oodles of jobless people at present. The town of 7,500 has a jobless rate of about 16 percent—far above the FRG national average of 10.6 percent.

37 year-old Klaus-Uwe Hintz has been conducting his business in the town's industrial park since 1972. Hintz, who thinks of himself as a "socially aware" person, struck upon the idea after he heard on the radio that the number of unemployed in the FRG had climbed to 2.6 million last winter. He had also read a commentary in a newspaper which said that the real problem was to offer jobs at the right price because the fact was that there was no shortage of employment opportunities.

"When I read that sentence, it suddenly struck me that it must be possible to create jobs paying DM 8 per hour," Hintz says. "In our firm there is a good deal of work which we simply cannot finish." But his staff was not impressed. "It won't work, boss," they said. "Nobody wants to work for that kind of money." But Hintz put the ad in the paper just the same.

The reaction was astonishing. The first telephone call came in at 8.30 am. By 11 am, Eckhard Nadolny at the switchboard said: "You really started something, Mr Hintz." 21 year-old Margret Ueck came to help him out. "The phone kept ringing until evening," she says.

There were 234 applications in all—84 of these claimed to be skilled workers. There were 80 unskilled and 70 more who listed no specific occupation.

#### Anonymous Callers

In addition, there were three callers—anonymous, of course—who gave vent to their anger, saying things like "shameless," "an insult to the jobless" and "starvation wages." These calls were a reflection of what many a reader thought when he saw the ad, e.g. "exploitation," "taking advantage of the social situation of the unemployed" or "unscrupulous greed." Is that really true ?

Simpex-Objekt is a firm which has specialized in manufacturing custom-made furnishings for doctors' offices. Up to now, it has had a staff of 13 and no workers council. The craftsmen working for the firm earn between DM 15 and DM 16 per hour. According to Hintz, this adds up to offset costs of DM 60 to DM 90 an hour once supplemental wage costs, fixed costs and interest payments are factored in. This is more than the customary rate of "a little over DM 50" for small businesses, according to the regional chamber of commerce.

In the final analysis, there really was not all that much work that needed to be done at Simpex. Following his advertising campaign, Hintz hired a total of three workers on the basis of "perfectly normal" labor contracts "which we agreed on orally," Hintz says. "We really do not want to make too much of this. These people can be let go on 14 days' notice like everyone else." "The basic legal provisions are being met. "We pay the legal employer contributions because this is a labor contract subject to the insurance provisions."

During the course of the year, more jobless people are to be hired. "We are in the process of reorganization," a Simpex employee says. "That is why we do not know as yet exactly how many people we will be able to take on. In addition, we are trying to get orders for jobs from other firms so that we can hire a few more." Two of the three new employees are working on jobs in the furniture section for which the "skilled workers are too expensive." One young girl is helping out in the administration, "doing some of the filing that has piled up."

Hintz is not interested in creating lifetime jobs but merely a temporary supply of jobs for those who want them. If the DM 8 applicant he hires finds a better paying job, he can leave his present one on short notice to take advantage of the opportunity.



"That, in the final analysis, is what this is all about," Hintz says. "To get in shape and stay in shape for the labor market." If someone, "including me," gets an application which says "unemployed since such and such a date," that makes the wrong impression on the owners of firms and the heads of personnel departments.

Hintz also stresses the fact that his DM 8 people do not take any jobs away from skilled workers. They are merely performing additional jobs, e.g. sweeping up leaves or applying veneer by machine—for which Hintz cannot pay the customary wage.

"I could not go out and make such an offer, if I were a member of the employers association," Hintz admits. "In a way, I am very happy about being in a position to do this—not in order to obtain a competitive edge but to point up an alternative possibility on the labor market. We do not all have to wear size 12 shoes. Some people get sore feet from them and for others they are way too large."

"In the future, we will probably have to get away from asking that everybody be paid the same wage. I am all for justice—but I think we are committing an injustice, if a large portion of those willing to work is out on the street and stays there as a result of this effort to do the right thing. And that, in effect, also is the message I have for the labor unions."

As was to be expected, there was an angry reaction to this message by the union. Rolf Buck, the Iaebeck district representative of the wood and plastics union, came out with a harsh statement. "It is inadmissible for the unions to conclude wage agreements and for some businessman to undercut them. But it is not only a question of the labor union disapproving of the practice. It is also a matter of concern for his competitors. Mr Hintz is engaged in a ruinous competition with his competitors."

In response to the question of what would happen, if this practice were repeated elsewhere, Buck says that just about anyone would then be free to circumvent wage agreements as long as he can find people to work at these wages. Buck also is unimpressed by the argument that this helps the jobless rid themselves of the stigma of long-term unemployment and obtain better chances for well-paying jobs. "This is an illegal way of doing things," he says. "Mr Hintz is trying to undercut others with his dumping prices by maintaining that foreign firms can do the job more cheaply than German firms."

The union functionary also does not agree with the contention that this wage scale is too high for many activities. "That is not so. It is higher because of the social insurance contributions," Buck says. "Mr Hintz cited some examples from Denmark and Belgium; but in those countries the contributions are paid by the state. For that reason, foreign countries can operate on lower wage scales."

Much to Buck's chagrin, however, there is nothing the union can do about initiatives of this kind. "All we can do is tell people the real story," Buck says. "Those who start out at DM 8 should think about some numbers I have come up with. A married man with two children comes out earning a net wage of DM 254.36 per week. When he has to go back on unemployment insurance, he will get 68 percent of that—which comes to DM 141 per week. And while he is working, his net wages place him below the limits at which his earnings cannot be attached."

The conclusion, in the union view it seems, is to apply for unemployment benefits rather than go to work.

But the Schleswig-Holstein employers association is none too happy about Klaus-Uwe Hintz either. "Leaving the question entirely aside of whether Mr Hintz is in violation of the civil code," an association spokesman says, "we simply cannot accept this type of irregular behavior."

It is not a matter of the dumping effect of the low wage scales, he adds, but one of endangering the entire wage bargaining structure which acts to stabilize our economy. "What Hintz is doing amounts to a kind of subculture that could best be compared with illicit labor." But that is a somewhat lame comparison because those who work for the black market economy earn more and while they pay no taxes or social contributions they frequently draw unemployment benefits in addition.

#### Kiel Is Pleased

The local labor department office is staying out of the controversy. "There is no such thing as a minimum wage," they say. "For another thing, many people working in the restaurant business work for less and they work hard at that."

It is not surprising to see a spokesman of jobless self-help group of the Segeberg district complain in a letter to the editor column of the advertising newspaper about Hintz's initiative. And a teacher writes: "The crowning touch is that this model which goes back to methods employed in the early capitalist era is being portrayed as a landmark social policy act."

In the final analysis, Hintz received support only from the Institute for World Trade at Kiel University which is well known for its tough approach to labor market policy. "I congratulate Mr Hintz on his courageous and exemplary action," Ruediger Soltwedel remarked. "The strong response by unemployed people which must have surprised him makes it clear that there are many who are willing to work for these relatively low wages. His action also makes it clear that it is worth while to create additional jobs at such wage levels. The union complaint about the depression of wages and dirty competition is absurd. The truth is that this creates new opportuni-

ties for those who are being eased out of the labor market as a result of the high wages agreed upon by the employers associations and the labor unions. Hintz's fellow businessmen should follow his courageous and socially committed lead and start an offensive on behalf of more jobs of their own. Many jobless people would be grateful to them for it."

What about those immediately concerned ? Torsten Braasch, one of the 234 applicants, found a paying job at long last at Simpex once again. The 20 year-old mason had completed his apprenticeship and held an apprentice's job for only 3 weeks before he became unemployed. That was a year ago. "I have gone through several such experiences," he says. "I polished door handles and worked as a salesman. This time, I just felt I had to grab this—wherever, whenever."

Previously, he earned DM 15.25 an hour—but only "for those 3 weeks." His unemployment benefits, in other words, were lower than his present hourly wage. In exchange for the DM 8 Hintz pays him, he helps out "here and there. I do whatever I am asked to do."

Thus far, none of his co-workers have complained that he is spoiling the rates for them.

9478

CSO: 3620/347

ECONOMIC

ICELAND

PAPER COMMENTS ON RECENT GOOD ECONOMIC NEWS

Reykjavik MORGUNBLADID in Icelandic 7 May 85 p 26

[Editorial: "Brighter Outlook"]

[Text] Last year was considerably more favorable for the nation than the 2 previous years. The national production increased for the first time since 1981 and the National Economic Institute says that thereby the recession period that began in 1982 has ended. Some increase in national production is expected this year. It can therefore be stated that we Icelanders now live with a slow economic growth which obviously gives cause to some optimism after the strains of recent years.

It is not disputed that people have had to suffer considerable cuts in wages and benefits during recent months. The wage explosion that took place last fall and its consequences have, however, convinced the majority of wage earners that the road to improved standard of living is not to be found in high krona wages. It was interesting to find out the views of those wage earners that MORGUNBLADID interviewed on 1 May. It came forth clearly that most of those interviewed felt that there were more feasible ways to obtain improved wages and benefits than huge wage increases and many mentioned reduced taxes in this connection.

Greatly declining inflation and stable price levels and exchange rates which have prevailed since the latter part of 1983 to the latter part of 1984 have given people the opportunity to compare the advantages of such balance in economic affairs and the condition that develops when the circle of wage increases and lowered exchange rates begins.

There are many indications that the main leaders of the labor movement are of the same opinion and this is greatly reflected in what the chairman of ASI [Icelandic Federation of Labor] has to say about the wage affairs these days. It is therefore clear that the discussions that now are taking place between the representatives of the government, the labor movement and the employers will start under positive conditions and a favorable atmosphere.

The economic development in the main industrial countries in the world has been quite varied in recent years. The growth in the economic life and industry in the United States has been unbelievably great. This growth has

led to greatly improved standard of living in that country and has reached such a stage that experts foresee lack of manpower in the United States in the coming years. Japan's economic growth has also been great in recent years but the European countries, however, lag behind.

We Icelanders can argue endlessly about wages and benefits and who reaps the greatest rewards. While we argue and strike, some Western states jump far ahead of us in standard of living. People are probably just beginning to realize this which gives rise to certain optimism about the development of matters this year. New upset in the wage affairs this fall would improve the purchasing power of the wage earners for several weeks, 2-3 months at the most, but the real standard of living would continue to worsen.

Now there is, however, the opportunity to set the sails for different destinations. The economic situation is improving and realism is noticeable in people's comments on wage affairs. Now, for the first time for years, there is an opportunity to reach an accord in the labor market. The prerequisite for this is that the political balance prevails in the country and that the labor movement and employers are prepared to evaluate the viewpoint of the other party with fairness. The negotiations that took place last fall between these parties, and were for the most part conducted in a totally different atmosphere than the negotiations of the government authorities and government employees, indicated without a doubt that their relations were heading in the right direction.

It also promotes optimism that there are no indications that the leadership of the labor movement intends to form an alliance with political powers, as happened in the winter of 1978, in order to overthrow the government. With this in mind, it is not at all out of the way to be somewhat optimistic about the consultation discussions that now are taking place.

9583

CSO: 3626/33



ECONOMIC

ICELAND

#### LARGE INCREASE IN FISH CATCH 1984

Reykjavik MORGUNBLADID in Icelandic 4 May 85 p 64

[Article: "Fish Catch Last Year: 83 Percent Increase From Previous Year"]

[Text] Value of Exported Marine Products Increased by 25 Percent

The total fish catch in Iceland last year was slightly over a million and a half tons which is the third best year ever. The increase in fish catch from the previous year amounts to 83 percent. The value in sea catch amounted to 8,842,000 kronur and the value increase from the previous year was 44 percent. In 1984, the value of exported marine products amounted to 489,120 tons compared with 336,420 tons the previous year, an increase of 45.4 percent. The value of exported marine products amounted to 16.3 billion kronur compared with 13 billion kronur the previous year, or an increase of 25.4 percent.

This information comes forth in final calculations made by the Fisheries Association of Iceland. This calculation report shows in a breakdown of the fish catch into species that the cod catch was 281,481 tons, or a 4 percent decrease, but the value increased by 30 percent. The haddock catch was 47,216 tons, or a 26 percent decrease, and the value increased by 3 percent. The pollock and Greenland halibut catch increased somewhat. The catch of ocean perch, ling, blue ling, catfish and herring decreased somewhat but the catch of halibut, plaice and Greenland halibut increased. The capelin catch last year was 864,821 tons compared with 133,478 tons the previous year. The value in cod catch last year amounted to slightly over 2.7 billion kronur; the value of the ocean perch catch was nearly 1 billion kronur and the value of the haddock catch slightly over half a billion. The catch value of other species was considerably less. The shrimp catch increased by 87 percent between the years 1983 and 1984 and the value increased by 125 percent.

Last year 821,581 tons were used for meal and fish oil processing; 423,217 tons for freezing; 148,691 tons for salting; 102,786 tons were sold abroad fresh and 21,169 tons were dried. The export value of frozen products amounted to nearly 9 billion kronur; of salted products slightly over 3 billion kronur;

of iced and fresh products slightly over 1 billion kronur; of dried products almost half a billion kronur; of meal and fish oil products almost 3 billion kronur and canned goods almost half a billion kronur. Last year, the value of exported marine products to the United States amounted to 5.7 billion kronur; to Great Britain 2.3 billion kronur; to the Soviet Union 1.5 billion kronur; to West Germany 1.3 billion kronur and to Portugal 1 billion kronur.

The fish catch of foreign countries within Iceland's fisheries limit has decreased greatly. Last year, the Faroese fished 8,541 tons here. 16,779 tons in 1983 and 22,094 tons in 1982. Last year Norway's fish catch here was 468 tons, 1,424 tons in 1983 and 1,307 tons in 1982. The total catch of foreign countries around Iceland has therefore decreased from 25,378 tons to 10,549 tons in the years 1982 to 1984.

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ECONOMIC

SWEDEN

# PAPER URGES GOVERNMENT TO PREPARE FOR ECONOMIC DOWNTURN

Stockholm DAGENS NYHETER in Swedish 9 May 85 p 2

[Editorial: "Austerity Needed Now--Ullsten '79 Could Be Palme '85"]

[Text] If we are to believe the government, Sweden is on the right track. But fewer and fewer people seem to believe this assurance.

So far 1985 has not been the good year the government promised in its finance plans. It is excusable that this was not foreseen in January, but it is not excusable to repeat these glad tidings in supplementary motions. Even before the conflict with TCO-S [Civil Servants section of Central Organization of Salaried Employers] broke out it was clear that all the curves were certainly not heading in the right direction.

The balance of payments with other countries is the big problem. In the first quarter of the year the volume of exports fell 5 percent compared to the year before while imports rose 10 percent in the same period.

The reasons for this strong reversal are not entirely clear. Part of the reason for export declines was the ice conditions last winter which made shipping exports difficult, especially from northern ports. But stagnant international demand and a gradually deteriorating cost situation in relation to West Germany are also part of the picture.

The rise in imports is partly a natural consequence of the upturn in industrial investments. More important--and less desirable--reasons are that inflation is now rising more rapidly here than in any other West European industrial country and that private consumption has risen with unexpected rapidity. In January and February alone retail sales volume rose 3 percent--and a rule of thumb indicates that 35-40 percent of each percentage point comes from imports.

The growing imbalance in foreign trade is in turn the most important reason why the balance of trade is heading for bigger and bigger deficits. Last year's surplus--when we were "masters in our own house"--has already been transformed into a deficit of 5-6 billion kronor in the first quarter and contrary to Kjell-Olof Feldt's assurances, the state has been forced to take out foreign loans.

In an interview with the WALL STREET JOURNAL--the newspaper of the American financial world--and elsewhere Feldt expressed great dissatisfaction that the National Debt Office reorganized Swedish foreign loans in a way that makes the statistics look worse. The appropriateness of such statements from an otherwise judicious finance minister is debatable; and the fact is that exchange rate losses realized in connection with reorganizing these loans were responsible for less than a third of this year's foreign borrowing. In the first 4 months of the year we borrowed 17.7 billion kronor, of which 5.5 billion went to offset exchange rate losses. Of the net borrowed amount of 11.2 billion kronor, 7 billion went to finance the strong outflow of currency with the rest going into the National Bank's currency reserve.

The currency outflow which began just before the beginning of the year corresponds by and large to the deficit in the trade balance. Therefore it should be regarded more as a serious symptom than as a problem in itself. But along with the substantial movements of the dollar the outflow of currency has contributed to putting pressure on the krona. This does not mean that a new devaluation is imminent but it indicates a lack of international confidence in Sweden's economic policy.

Perhaps people abroad have done a better job than we have of studying the appendix to the supplementary bill in which Finance Ministry officials analyzed in a less formal way how developments in the period 1983-85 compare with the requirements in the 1984 long-term report. They say there that while a 5 percent wage increase in 1985 and subsequent years could lead the economy in the right direction, a 7 percent annual increase would be enough to create a growing imbalance that would make stiff austerity measures necessary. They also demonstrate convincingly that a laissez-faire alternative in this situation would lead to catastrophe after a few years.

Even before the labor market conflict became a fact Bengt Pettersson, acting chief of the Market Institute said that the 5 percent figure is unrealistic. This year wage increases are more likely to lie around the critical 7 percent level. But the government did not seize the chance to propose the austerity measures that seem increasingly necessary in the supplementary motion. Instead more purchasing power was released as a result of the tax rebate and--to some extent--the price freeze. And it will be even worse if the government is forced to give in to TCO-S.

Before the 1979 election the Liberal government said that Sweden was on the right track although the economy was shifting. The result was austerity later on. It looks as if the pattern will be repeated.

But it would be better to introduce modest austerity measures right now. The tax rebate should not be sacred and cuts in next year's budget should not be impossible. A growing number of people realize that things will turn sour later on if a government conjures up good times prior to an election.

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ENERGY

NORWAY

OIL DIRECTORATE OFFICIAL: MAY HAVE TO BURN UNSOLD GAS

Oslo AFTENPOSTEN in Norwegian 3 May 85 p 17

[Article by Flemming Dahl: "Oil Directorate on the Future: Danger That We Must Burn Unsold Gas"]

[Text] Stavanger, 2 May--The Oil Directorate does not rule out that in the future large amounts of gas from the Norwegian continental shelf must be burned if Norway fails to implement a successful strategy for selling the gas.

But the directorate now urges the political authorities to think along new lines when it comes to selling gas on the international surplus market. At a press conference on Thursday the directorate's department chief, Farouk Al-Kasim, expressed his belief that a comprehensive gas burning can be avoided.

Because it has recently proven difficult to sell gas, Norway is now concentrating mainly on the exploitation of oil fields. But the point is that oil fields also contain gas, and it will come up when the oil is extracted.

Such gas, so-called associated gas, will in the years around the turn of the century amount to roughly 10 billion cubic meters per year, according to the directorate. In other words, on the basis of today's gas prices, there is talk of gas worth several billion kroner per year and most of it is still not presold.

In addition to trying to sell associated gas, Norway is now faced with attempting to sell even larger quantities of gas from established fields which contain primarily gas. Here it is important, however, to let the gas lie untouched for the time being in anticipation of an increased international demand for gas, if in the short term one does not succeed in selling it at acceptable prices.

#### Undesirable Effect

The Oil Directorate believes that the level of activity on the continental shelf can be maintained until about the turn of the century with the current strategy. But it is emphasized that an unrestrained exploitation of oil fields in the short term can have an undesirable effect over the long haul. If large new oil finds are not made and if it should also prove difficult to sell gas over the long term, the foundation for extensive shelf activity will crumble to dust.



In short, the directorate now hopes that future exploratory activity leads to discoveries of large oil fields with the least possible associated gas and that at the same time Norway manages to sell both the gas in the large established gas fields, especially the Troll field, and the associated gas in established and prospective, new oil fields.

Department chief Farouk Al-Kasim pointed out that it should be possible to sell the Troll gas and that an agreement to sell Troll gas ought to include the sale of gas from other fields, including associated gas.

Al-Kasim described a gas sale strategy of this type as new in the Norwegian context.

#### Competition

Al-Kasim claimed that already today there exists a competitive situation among the various oil companies which manage gas deposits on the Norwegian shelf. He feared that the competitive situation would intensify if closer cooperation among the different companies, on the one hand, and between the companies and the authorities, on the other hand, does not become a fact.

Arne Stavland, a manager in the directorate's legal division, pointed out that the new petroleum law will give the authorities better opportunities than before to coordinate activity on the continental shelf so that it serves Norwegian society--not just the individual oil company--in the best possible way.

Even though the Oil Directorate is preoccupied with stressing that much of the gas which is established on the Norwegian shelf ideally should have been oil, it does not wish to paint a gloomy picture of the situation. Department chief Al-Kasim said that oil demand and therefore oil prices will probably rise in a few years, with the possible result that the demand for alternative energy--including gas--will also increase. "If we nevertheless want to protect our activity in the future, we should continue to search for oil rather than gas," he said.

Al-Kasim emphasized that only to a certain extent is it possible to determine in advance whether a promising area on the shelf contains substantial amounts of oil or gas, or to determine whether it contains either of them at all.

#### Alternative Use

As far as associated gas is concerned, he pointed to the possibility of using some of it to operate production platforms together with the possibility of returning some of it to the underground, which can result in more oil being brought up. He also thought that some gas could be used for commercial electricity production but stressed that in any case it would be a matter of considerable amounts for sale.

On behalf of the companies which have shares in the Troll field, Statoil is in the process of negotiating for the sale of Troll gas to the Continent, but

Al-Kasim would not reveal any possible knowledge of whether Statoil is trying to link the sale of Troll gas to the sale of other Norwegian gas.

Al-Kasim would not rule out that gas from fields outside Central and North Norway could be sold before we advance a way into the next century--despite the fact that the fields are farther from European markets than the fields in the North Sea.

He pointed to the possibility of selling such gas in supercooled form so that it can be transported by ship to distant markets like the United States and Japan.

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ENERGY

NORWAY

BRIEFS

OIL POLICY CONSENSUS--On the Storting's industry committee, there is broad agreement on the prospects for oil activity. For one thing, there is unanimity on the main guidelines for Statoil's activity and on the evaluation of the future role of foreign oil companies. The committee also concurs with the Government's viewpoints on future oil policy. There is agreement to establish a fund as a "buffer" against unforeseen fluctuations in oil revenue, as the Government has proposed. [Text] [Oslo AFTENPOSTEN in Norwegian 3 May 85 p 13] 12327

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OCEAN/POLAR ISSUES

ICELAND

# GOVERNMENT FORMALLY PRESENTS CLAIM TO HATTON-ROCKALL AREA

Reykjavik MORGUNBLADID in Icelandic 10 May 85 p 64

[Article: "Regulation on Iceland's Right to the Hatton-Rockall Area: 'Ensure Our Right According to International Law,' Says Foreign Minister, Emphasis on Reaching Agreement With Other Nations"]

[Text] The Icelandic Government has formally declared Iceland's right to the Hatton-Rockall area. This happened yesterday when Foreign Minister Geir Hallgrimsson issued a regulation on the delimitation of the continental shelf to the west, south and east.

"With this regulation, we Icelanders are ensuring our right according to international law," said the foreign minister at a meeting with reporters yesterday where the regulation was presented. "To be sure, the Hatton-Rockall area has not been explored much but it would show lack of responsibility on our behalf if we would not claim our right prescribed by international law. This area is a natural extension of the continental shelf of Iceland. Our right is categorically greater than, for example, the right of Iceland and Scotland as their right is limited to a so-called "trough," and the Faroe Islands Strait limits the right of Denmark on behalf of the Faroe Islands in this area."

Eyjolfur Konrad Jonsson (Independence Party), chairman of the Foreign Affairs Committee of the Althing, who also attended the news conference, said that according to the Law of the Sea Agreement, all nations owned the living organisms on the bottom of their continental shelf, and he added that in his opinion the sea above would sooner or later belong to that country as well.

A news release from the Foreign Ministry yesterday stated among other things:

"Last July, representatives from Denmark, on behalf of the Faroe Islands, and representatives from Great Britain and Ireland were presented with a report in which it was stated what the government of Iceland considered to be the natural margin of the continental shelf of Iceland. Since then, the Icelanders, the Danes and the Faroese have held discussions about their joint interest in the aforementioned area and the most recent meeting was held last April. No formal discussions have been held with the British and the Irish as they categorically rejected Iceland's claim but informal discussions had been held prior to that."

Recently, Denmark issued a statement in which it declared its claim to a large part of this area as a continental shelf of the Faroe Islands.

The new Icelandic regulation states as follows in Article 5: "An agreement shall be sought between Iceland and other concerned countries about a final delimitation of the continental shelf in accordance with rules of international laws. It has been repeatedly declared by Iceland that the Icelanders are prepared to discuss this and that they want to solve any dispute with agreements.

Since 1978, the Althing has passed parliamentary resolutions on the Hatton-Rockall matter and the Foreign Relations Committee of the Althing has dealt with it in detail. Total agreement prevails on measures in the matter," it says in the conclusion of the news release from the Foreign Ministry.

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OCEAN/POLAR ISSUES

SWEDEN

PAPER VIEWS STATUS OF BALTIC DISPUTE AFTER USSR STATEMENT

Stockholm DAGENS NYHETER in Swedish 5 May 85 p 2

[Editorial: "Baltic Rights"]

[Text] Both Swedish and Soviet inspection ships have inspected fishing boats from other countries, including each other's, in the Baltic Sea in the past. The coastal nations acquired this right through the Gdansk Convention of 1973 which regulated fishing in the area. After that Sweden and the Soviet Union held bilateral fishing discussions and while they did not reach an agreement in this area they did agree not to exercise inspection rights with respect to craft from any country found in the disputed so-called white zone.

All of this should have been clarified better during the discussion that resulted when a Soviet vessel ordered fishing boats from several countries, including Sweden, to heave to in the white zone. It is important to maintain its status as an ocean area open to everyone until the day Sweden and the Soviet Union can agree on a boundary line between their respective fishing zones.

Thus we have a situation where the coastal nations originally agreed to the idea of inspecting each other's boats in order to safeguard fishery and such things as fish spawning, a kind of supervision that cannot really be reconciled with the principle of a free ocean area. But where the white zone is concerned Sweden and the Soviet Union have agreed in discussions to adhere to the basic principle in order to avoid anticipating a future agreement.

Evidently it took time before the Swedish Coast Guard stopped its activities in the white zone in accordance with the possibilities offered by the Gdansk Convention. According to reports this occurred formally in January 1984 and in practice in the summer of 1983; prior to that there had been only a handful of inspections a year. Thus today there are no Swedish inspections of vessels from any country found in the white zone.

Against this background it is understandable that the Soviets have talked about reciprocal inspections of Soviet and Swedish fishing boats.

It is important in the immediate future that both sides refrain from prejudicial measures. It is true that oral Soviet comments "with respect to Sweden's inquiry" have so far mentioned only Swedish and Soviet fishing vessels. But if the Soviet Union intends to refrain from carrying out inspections in the white zone in the future on condition that Sweden does the same one must assume that this should apply to fishing vessels from all countries.

A Swedish-Soviet gray zone that excludes other nations is something Sweden is definitely not interested in.

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